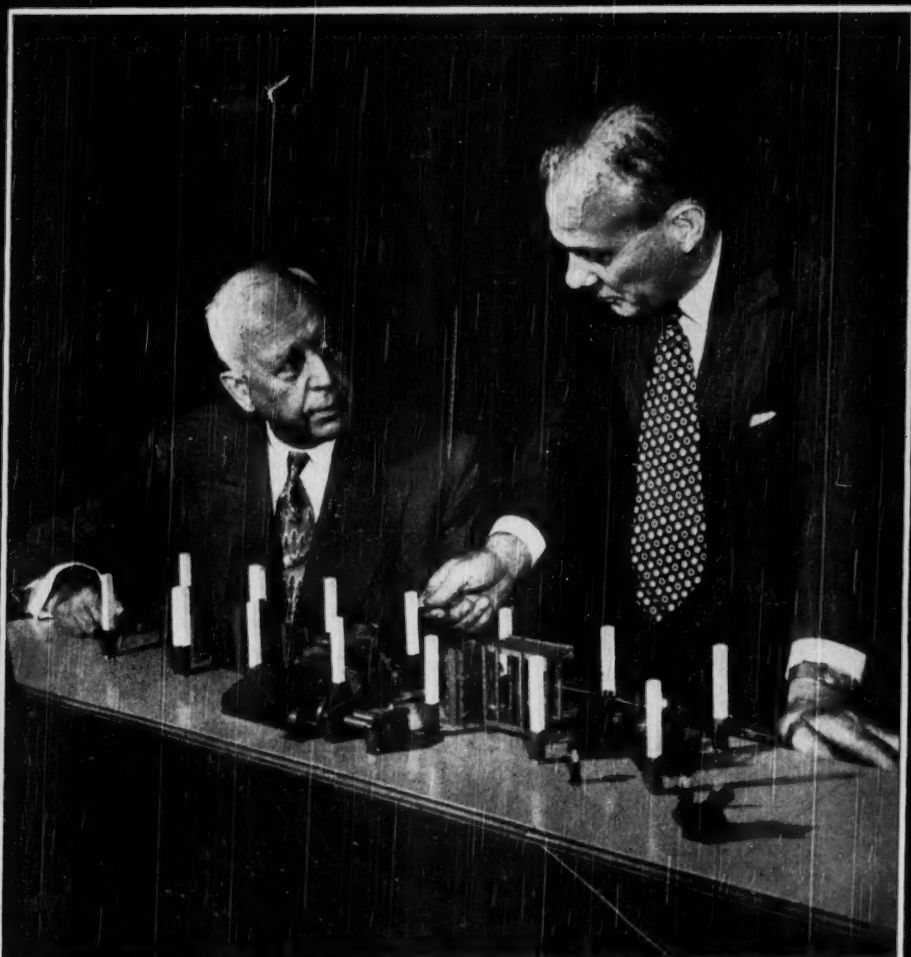


BUSINESS WEEK

Steel

WHERE DO WE STAND? PAGE 25




Paul W. Litchfield: He expands Goodyear overseas between wars (page 22)

A MCGRAW HILL PUBLICATION

JULY 29, 1950

TWENTY FIVE CENTS



"...and I thought
our business was too small
for that machine!"

"When I first heard about that National Accounting Machine, I thought our firm was too small to afford it. I'm glad I changed my mind.

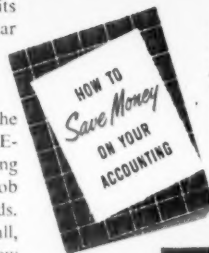
"When I was shown that you could handle *all* our accounting jobs on that *one* machine—receivables, payables, sales and expense distribution, general ledger, stock records—even payroll—that convinced me.

"I'm always amazed how you switch from one job to another in a few seconds, just by changing those form-posting bars! "And that machine has saved us so

much time, it looks like it's repaying its entire cost this first year—and next year its savings will be clear profit!"

* * *

Large concerns, too, are enjoying the flexibility of this National MULTIPLE-DUTY machine that permits transferring machines from one department—or job—to another during peak-load periods. Whether your business is large or small, have our nearest representative show you what *you can save* with National Mechanized Accounting.



Get this **FREE** 20-page booklet from our local representative, or write to the Company at Dayton 9, Ohio.

THE NATIONAL CASH REGISTER COMPANY

National
MECHANIZED ACCOUNTING
MACHINE

B.F. Goodrich

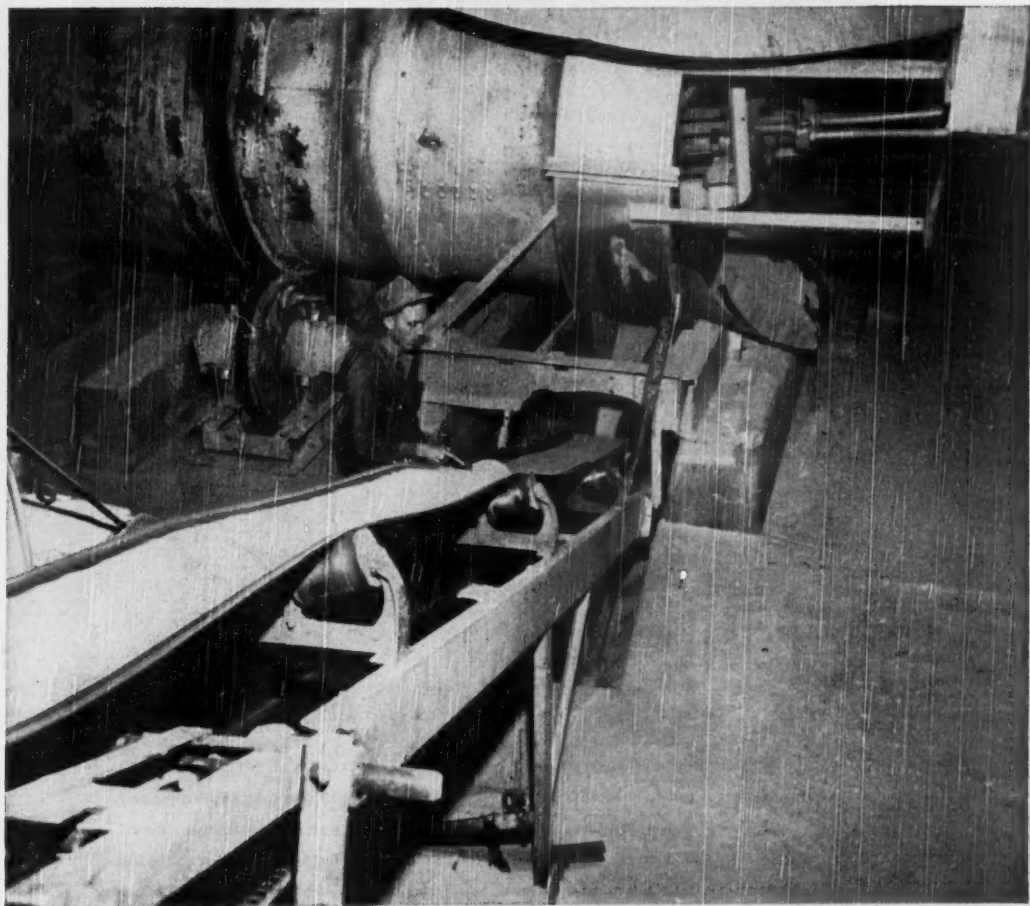


Photo Courtesy Santa Anna Silica Sand Co., Inc.

Hot roasted sand coming up

A typical example of B. F. Goodrich improvement in rubber

THAT sand riding on the conveyor belt may someday be in your home as a window, bottle or watch crystal. It's silica sand, called for in the recipe for glass.

Fresh-from-the-ground sand has some clay in it. In removing the clay, the sand is heated to temperatures around 275°, sometimes up to 350°. Still boiling hot, the sand flows onto the rubber belt for a hot, uphill trip to storage bins.

Regular rubber belts stood the sizzling sand for only 5 days. A special

belt lived a short, simmering life of 5 months, another for 3 months. The sand company called in the B. F. Goodrich man. BFG had developed a special heat-resisting rubber for belts carrying such things as hot sand, lime, nitrates. Instead of ordinary fabric, they used glass fabric to make a belt that often stood heat as high as 500°. Put to work here, the B. F. Goodrich belt outlasted all previous belts. It performed for 9 months—old age for a belt working 12 hours a day, 5 days a week, hauling 45 tons of hot sand an hour.

Product improvement through con-

stant research again brought savings to a company that called in a BFG distributor. If industrial rubber products—conveyor belting, hose, transmission belting, V belts—play a part in your business, it will pay you to see what B. F. Goodrich has done recently to make these products do more for less. *The B. F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

B.F. Goodrich
FIRST IN RUBBER



Literally **DIRT CHEAP**

Many manufacturers place a surprising importance on the recovery of 'dirt cheap' dust from their stack gas. One recovers over \$4,000 a week, in dust worth less than a cent a pound. Another invested a 'long range' \$40,000 in a high-efficiency dust recovery system... then recovered so much 'cheap' dust that he got his money back in 13 months! And, on the other end of the scale, a gold refiner recovers enough ore dust to reimburse him for his Buell dust collector several times a year!

What do these profitable dust recovery systems have in common? Just one thing... each was custom-engineered, designed and produced by Buell... These profit-producers are cyclone-type systems, with the patented van Tongeren 'Shave-Off'. And now, operating on the exclusive StediFlow dust-fall principle, Buell's new 'SF' Electric Precipitator stands ready to recover still finer dusts and fumes!

Perhaps Buell can help you, too, to turn dust-waste into profits. For more information, write for our new book on recovering valuable dust. Buell Engineering Company, 70 Pine Street, Suite 5005 New York 5, N. Y.



buell

Engineered Efficiency in **Dust Recovery**

Locating a Plant's a Puzzle...



... but B & O's Industrial Development
staff can solve it in confidence—
without obligation!

Only a specially trained staff can thoroughly coordinate plant location factors; that's why business leaders consult us.

They're sold on B&O territory... for here is the lion's share of those factors needed to make any plant a success.

Tell us your requirements; we'll submit a custom-made study that will solve your plant location puzzle!



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BALTIMORE & OHIO RAILROAD

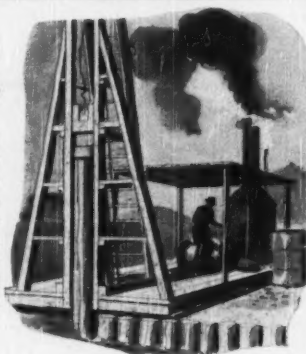
Constantly doing things — better!

interesting facts

RUST PREVENTIVES • WATER TREATMENT

TAMING THE PILE DRIVERS' balky boiler

Excessive foaming in its boiler limited the pile driver to only 4 hours' daily operation . . . seriously threatened the construction schedule of a multi-million dollar job. Dearborn Anti-Foam water treatment was air expressed. The results were amazing—the foaming was eliminated . . . the pile driver worked a full day . . . the job was completed on time.



stopped . . . A DAILY LOSS OF 200,000 GALLONS OF WATER

Porosity at the joints and seams of a 5,000,000 gallon concrete reservoir caused costly, daily loss of 200,000 gallons of treated water. Dearborn was consulted—the joints and seams cleaned . . . then filled to a thickness of three inches with NO-OX-ID. Leakage previously encountered stopped completely.



HOW NO-OX-ID SAVED THE tree surgeon A TRIP

Four trees were badly damaged when side-swiped by a truck. About to call the tree surgeon, an industrial user of NO-OX-ID correctly surmised that if NO-OX-ID would keep air away from steel, it would do the same for the bruised trees. It did—saving the day and the trees.



Whether you operate an industrial or processing plant . . . a utility or a pipe line . . . a railroad or a steamship line . . . Dearborn's specialized experience in water treatment and rust prevention is available to help you conduct your business more efficiently, more economically.

Dearborn

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BUSINESS WEEK • JULY 29 • NUMBER 1091

(with which are combined The Annalist and the Magazine of Business) • Published weekly by McGraw-Hill Publishing Company, Inc., 1221 Avenue of the Americas (1909-1945), Founder • Publication Office 99-129 North Broadway, Albany, N. Y. • Editorial and Executive Offices, 320 W. 42nd St., New York 36, N. Y. • Curtis W. McGraw, President; Willard Chevalier, Executive Vice-President; Joseph A. Gerardi, Vice-President and Treasurer; John J. Cooke, Secretary; Paul Montgomery, Senior Vice-President; Publications Division: Ralph B. Smith, Editorial Director; Nelson Bond, Vice-President and Director of Advertising. Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Vice-President and Director of Circulation, Business Week, 99-129 N. Broadway, Albany 1, N. Y., or 320 West 42nd St., New York 36. Allow ten days for change of address.

Subscriptions to Business Week are solicited only from management-men in business and industry. Position and company connection must be indicated on subscription orders.

Single copies 25c. Subscription rates—United States and possessions \$6.00 a year; \$12.00 for three years. Canada \$7.00 a year; \$14.00 for three years. Pan American countries \$10 a year; \$20.00 for three years. All other countries \$20 a year; \$40.00 for three years. Entered as second class matter Dec. 4, 1936, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879. • Printed in U.S.A. Copyright 1950 by McGraw-Hill Publishing Co., Inc.—All Rights Reserved.

THE DRAGONS WE HAVE SLUN!

(OR SLEWN IF YOU MUST)

by Mr. Friendly



Danger is a dragon, and in almost every case
You find 'em quite unpleasant when they're breathing
in your face,
And business men, both large and small who boast of
common sense,
Will find a dragon in their Biz is quite a big expense.
As pets we've found that dragons never pay in any way,
So we've slun 'em by the thousands and we're slewing
'em today!
Yes! The tears have slun from the dragons' eyes
That American Mutual's cut to size.

(One of the most satisfying jobs we have at American Mutual
is helping to eliminate dangerous hazards . . . cut down acci-
dents! It's the human thing, and good business too. For, thanks
to this special service, we've helped reduce insurance rates to
as much as 50% below the average rate for some businesses!)

So if you're sick of dragons, please devote a little thinkage
To our special dragon service, and its special rate shrinkage!
Why pay for protection against monsters huge and fat,
When we cut 'em down to size . . . say, half a hungry gnat!



AMERICAN MUTUAL

... the first American liability insurance company

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ALL THE FACTS ABOUT FOOL-PROOF
PROTECTION!** Learn how to save on
your present policies . . . know what
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"TRAVELER'S AID"



... for the World's products!

That's Signode steel strapping—

Tensioned around boxes, bundles, crates, or full freight car loads of massive equipment, Signode steel strapping provides complete shipment protection . . . assures you that your products will be delivered in the same fine condition they left your plant.

What's more—Signode steel strapping is easily and quickly applied with modern tools that require no special skills. Among these tools are models especially tailored to fit your specific needs—whether they be for lightweight, hand operated stretchers and sealers, or for high speed, completely automatic power strapping machines.

Chances are—investigation will show that your shipping department manager is already availing himself of Signode equipment and methods. After all, our customer list includes more than 30,000 of America's best companies. But, if he's not, and you would like to cut costs in that department—better get a note off to Signode at once.

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2610 N. Western Ave., Chicago 47, Ill.



Offices in all principal cities in the U.S.A.
In Canada: Canadian Steel Strapping Co., Ltd.
Subsidiaries and distributors in most foreign countries.

Highlights In This Issue

Terrific First Half

• Earnings almost broke 1948's all-time high. But Korea makes full-year prospects less rosy. P. 24

Who'll Get the Steel?

• BUSINESS WEEK reports on new steel capacity, coming changes in the product mix, who can expect to get hurt and when. P. 25

Income: Up and Up

• All twelve FRB regions gained in June with Dallas leading. And even sharper upturns are coming. P. 28

Gimbels Pushes Brands

• Shift away from off-brand goods indicates a fundamental change in Plain Old Gimbels' merchandising. P. 34

Pushbutton Pipeline

• Shell runs its new 450-mile line by teletype from New York. P. 42

Those Open-End Trusts

• Some slipped only 2% in value after Korea. But some skidded down 14%. Here is a look at some of the differences and what caused them. P. 52

Longshoremen Slap Bridges

• San Francisco dock workers reject Bridges-sponsored party line resolution in Korea, instead pledge support of U.S. position. P. 64

World Oil Truce

• There is no final settlement yet in the British-American oil feud, but it may come soon. Reason: A world oil surplus is less likely now. P. 77

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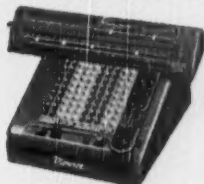


"Can't teach an old dog new tricks"

Okay, so maybe Rover's dense. So maybe all he'll ever understand is the difference between an ace and a trey of hamburger. But everything isn't so easy to learn or so simple to operate as a Monroe with its smooth, nerve-soothing Velvet Touch*, its effortless, rhythmic ease of operation. What's more, not everybody makes a model to meet each of your figuring or accounting needs, faster, more efficiently, more economically. But Monroe does. You can be doggone sure of that!



Whatever your figuring job is
Monroe makes the model to do it



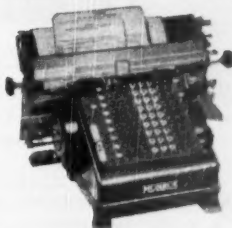
MONROE CALCULATING Machine

NEW MODEL CSA! The very latest type fully automatic has just the features required for the economical handling of all your general business figure work.



Monroe ADDING Machine

RHYTHM-ADD! Operators rave about the effortless speed of Rhythm-add, give credit to Monroe design, "Velvet Touch" keyboard, and glareless cushion-top keys.



Monroe ACCOUNTING Machine

VERSATILE! A multi-purpose bookkeeper that handles several kinds of jobs. Like all Monroes, its "Velvet Touch" is one reason operators who know prefer Monroe.

*"VELVET TOUCH" originated in 1935 to describe Monroe's matchless ease of operation.

Every Monroe is sold only through Monroe-owned branches; serviced by Monroe's factory-trained organization.

MONROE MACHINES FOR BUSINESS

Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J.

AMERICAN-Standard

First in heating . . . first in plumbing



Rest Room Revolution

A big change is taking place in public rest rooms.

Something new has been added to make them cleaner, more inviting to women . . . and easier, less expensive to keep that way.

And, everyone concerned is quite enthusiastic about it!

Responsible for this change is the American-Standard Sanistand fixture, the new urinal for women. Already—in less than 4 months after its introduction—it is being widely welcomed as

the most important contribution to public toilet sanitation since the invention of the water closet.

Made of genuine vitreous china in white or color, the new Sanistand is completely sanitary in appearance and operation. Users need not sit on it or touch it in any way.

Theatres, department stores, restaurants, hotels, office buildings, factories, service stations, terminals and other public places can gain good will, and at the same time reduce the time and

cost normally required for rest-room upkeep by installing these new urinals. For detailed information about the Sanistand fixture, write for our Better Rest Room Guide.

SEE THIS NEW BOOKLET—It's Free!

The American-Standard **BETTER REST ROOM GUIDE** gives complete details of the new Sanistand fixture, plus many helpful ideas for planning modern rest rooms. Yours for the asking.

LOOK FOR THIS



MARK OF MERIT

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Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWAHEE BOILERS • ROSS HEATER • TONAWANDA IRON

BUSINESS OUTLOOK

BUSINESS WEEK

JULY 29, 1950



Industry is thinking in terms of five-million cars and trucks, of 750,000 houses (even though Washington still talks in more liberal terms—page 15).

Such a cut would be about 40% for each industry. That may sound drastic to the Johnny-come-lately who has never lived with the auto and housing industries except in these boom times.

Actually, 60% of present activity is a long way from starvation.

Steel output, pushing capacity again this week, averages out to close to a 100-million ton annual rate. That's in ingots.

We're turning out something like 75-million tons of finished steel. And, of that, cars and trucks are taking close to 17 million.

Thus a 40% cutback would free about seven-million tons of steel.

Aviation gas may present more immediate problems than steel.

There haven't been any shortages. But it has been necessary to do some hand-to-mouth buying on cargoes needed at once.

Benzene holds the spotlight among chemicals in which present or potential shortages loom.

Supplies have been short ever since the coal strike cut output of this coke-oven byproduct. Synthetic production from petroleum has helped some, but at a price much higher than on the coke-derived type.

Now, though, need for more "avgas" may pinch synthetic benzene.

Meanwhile, we're importing expensive benzene from Europe (mainly England). But it's relatively crude, must be re-refined.

Benzene shortages aren't just a raw-material problem for synthetic rubber and plastics made of styrene (derived from benzene).

Of our benzene needs, placed at from 150-million to 180-million gal. a year, nylon may use as much as 20 million. And, while nylon for chutes will get benzene via allocation, hosiery may not be so lucky.

This may aid other new fibers, not quite competitive as to price.

Strikes, spreading in the chemical field, worry the alkali users.

Three Solvay Process plants have been down for several weeks. And now Diamond Alkali's plant at Painesville, Ohio, has been struck.

Sharpest effect, interestingly, is in a coproduct rather than in caustic soda or in soda ash. It's chlorine. This widely used gas was in short supply even before the strikes.

Supplies of caustic soda and soda ash were ample before strikes cut output—and probably will straighten out later. But if we get into an all-out war and cut tin use, a lot of soda ash will be needed for glass.

President Truman's economic message to Congress envisions more slack in our economy than most businessmen can see.

Truman figures between one-million and two-million workers can be drawn from the 3½-million unemployed. But that figure is six weeks old. A lot of hiring (and little firing) has gone on since.

Moreover, it's hard to draw unemployment down to 1½ million. We

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JULY 29, 1950

have done it only during the worst of the postwar pinch. The only time we ever went below that was during World War II—with labor frozen.

It's hard to see where industry can get the raw materials to expand output much, even if workers can be had.

We have some slack capacity for railway cars, locomotives, ships, and planes. Machine-tool builders aren't at capacity—but are speeding up fast. Coal mines are far below 100%.

But, by and large, factories and mines are going full blast. Thus it would be a strain to get the extra 5% Truman suggests. That would put industrial output above 205 in the Federal Reserve Index; value of all goods produced and services rendered would top \$280-billion.

Reports from all over the country indicate a wave of implement and tractor buying by farmers.

This week, Thomas A. Farrell, president of Dearborn Motors, confirmed the fact that there had been a three-week buying spree.

Next to tractors, farmers seem to want combines and corn pickers.

Chances are, however, there isn't much to worry about. While there may be a cutback in farm equipment ultimately, it won't come until after this harvest season. And it won't be deep—at first, at least.

Prices shot right off the statisticians' charts this week.

That's literally true. A lot of people chart the daily index of spot commodities put out by the Bureau of Labor Statistics. And the scale of their charts runs up only to 300; that was well above the highest point in 1949, and who expected the index ever to get up there again?

Well, it did. It made 290 last week, then went through with a whoosh the middle of this week.

Almost everywhere you looked this week, prices were on the way up.

Wool, cotton, and rayon yarns were advanced. Prices of sheets and pillow cases were marked up for a second time. Rugs and carpets took the fourth markup of the year.

International Shoe, after holding the line as long as it could, finally joined in the general price advance on shoes.

Emerson advanced TV sets anywhere from 3% to 16%.

An exception: In New Jersey, the "gas" price war is spreading.

Demand for the major nonferrous metals was as strong as ever this week, but producers still held prices. Nevertheless, there were advances in items such as quicksilver, and tin rose again.

When you read about the British bombing the rebels in Malaya, you get a better idea of why rubber and tin have gone through the roof.

Ever since the war, that's where most of our supply has come from. (Indonesia still has nowhere near regained its position.)

On Wednesday, the expiring July rubber future (which was around 16¢ a few months back) hit 50¢. If you want to gamble on what rubber will bring at the turn of the year, you still have to pay over 35¢ a lb.

Undoubtedly some of the rise comes from shorts who were caught. But, long range, traders are wondering who will control natural-rubber supplies.

Bob Hope says...

"Thanks
for
the
DC-6!"



BOB HOPE starring in "FANCY PANTS"
a Paramount picture. Color by Technicolor.

One of America's most famous flying ambassadors, Bob has flown millions of miles in Douglas airplanes, says nothing beats the DC-6 for speed and downright flying comfort!

Twice as many
experienced air travelers
say the Douglas DC-6
is the luxury transport
they like best!*



*According to a recent nation-wide survey.

• New York...London...Paris...Honolulu...
Rio — wherever in the world you want to fly —
there's a giant, four-engine Douglas DC-6 wait-
ing to serve you. You'll find no faster, more
luxurious or dependable air liner in the skies
today. That's why more experienced air travel-
ers — people who *know* airplanes — state they
prefer the DC-6. And every time you step
aboard a Douglas airplane, you have the com-
forting thought that Douglas has built more
transports... which have flown more miles of
dependable service... than any other aircraft
manufacturer in the world. Ask your travel or
airline office for reservations aboard the
Douglas DC-6 — the blue-ribbon luxury sky
liner on leading airlines everywhere!

DOUGLAS AIRCRAFT COMPANY, INC.,
SANTA MONICA, CALIFORNIA

MORE PEOPLE FLY MORE PLACES BY DOUGLAS

30th ANNIVERSARY YEAR





Steel hotfoot—without blisters!

Some think the Indian Fakir puts a protective coating on his feet so he can walk on hot coals without injury. True or not, it's a fact that manufacturers use Armco ALUMINIZED Steel to make industrial and consumer products that resist heat damage up to 1250°F.

This widely used metal offers the strength of steel plus the heat reflectivity of the aluminum hot-dipped coating. And the two together strongly resist a combination of heat and corrosion. That's why you'll find Armco ALUMINIZED Steel in many kinds of industrial equipment as well as in such consumer products as portable picnic grills, home heaters and automobile mufflers.

Other Armco Special-Purpose Steels also help manufacturers produce improved metal products. Armco Stainless Steel is chosen for its beauty, strength and heat-corrosion-resistance. Armco ZINCGRIP provides complete rust protection for storm doors and windows, home freezer cabinets, laundry driers, and farm equipment.

Whatever you make of metal, perhaps we can help you make it better — and more salable — with the right Armco Steel. There are important plus values too — assistance with your marketing programs and point-of-sale identification with the familiar Armco trademark — nationally advertised for 35 years. Ask us for the details.

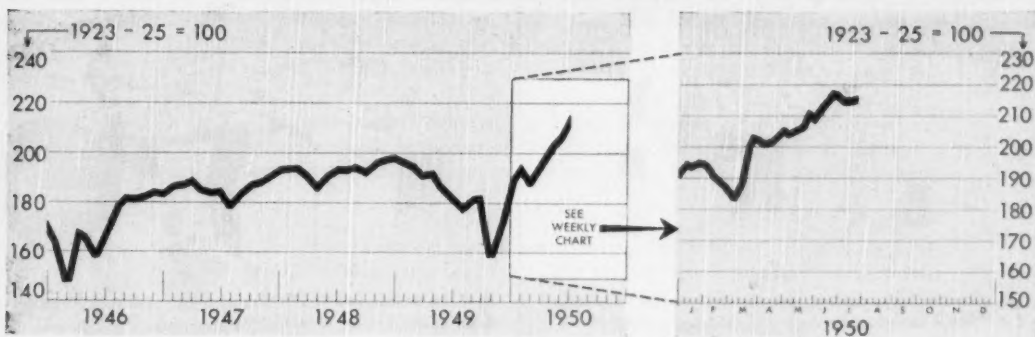


ARMCO STEEL CORPORATION

HEADQUARTERS AT MIDDLETOWN, OHIO, WITH PLANTS AND SALES OFFICES FROM COAST TO COAST • THE ARMCO INTERNATIONAL CORPORATION, WORLD-WIDE



FIGURES OF THE WEEK



Business Week Index (above) 216.2 215.8 218.0 180.1 162.2

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	99.3	99.4	101.2	81.5	97.3
Production of automobiles and trucks.....	190,615	194,073	205,334	160,173	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$53,415	\$55,011	\$43,663	\$26,932	\$19,433
Electric power output (million kilowatt-hours).....	6,186	6,006	6,102	5,462	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	5,538	5,495	5,355	4,739	3,842
Bituminous coal (daily average, 1,000 tons).....	1,550	1,322	1,740	1,151	1,685

TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars).....	74	76	77	68	86
All other carloadings (daily average, 1,000 cars).....	57	56	57	53	52
Money in circulation (millions).....	\$27,029	\$27,169	\$26,926	\$27,366	\$9,613
Department store sales (change from same week of preceding year).....	+24%	+8%	+6%	-10%	+17%
Business failures (Dun & Bradstreet, number).....	170	187	147	182	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), June.....	170.2		168.6	169.6	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	444.2	433.5	397.8	340.0	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	262.9	256.8	240.9	213.1	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	352.6	350.4	327.6	297.1	146.6
Finished steel composite (Iron Age, lb.).....	3.837¢	3.837¢	3.837¢	3.705¢	2.396¢
Scrap steel composite (Iron Age, ton).....	\$36.83	\$37.17	\$37.67	\$19.33	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	22.500¢	22.500¢	22.500¢	17.625¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.27	\$2.19	\$2.13	\$2.03	\$0.99
Sugar (raw, delivered New York, lb.).....	6.17¢	6.06¢	5.81¢	5.80¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	38.25¢	37.52¢	33.80¢	31.63¢	13.94¢
Wool tops (Boston, lb.).....	\$2.50	\$2.38	\$2.33	\$2.05	\$1.41
Rubber (ribbed smoked sheets, New York, lb.).....	42.83¢	36.93¢	29.57¢	16.40¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	138.5	134.4	146.8	118.9	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.30%	3.34%	3.30%	3.45%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.65%	2.66%	2.62%	2.65%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14½	14-14½	14-14½	14-14½	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-14½	14-14½	14-14½	14-14½	4-4½

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	47,728	47,547	48,040	46,472	112,777
Total loans and investments, reporting member banks.....	67,875	67,586	67,905	63,264	112,309
Commercial and agricultural loans, reporting member banks.....	13,791	13,725	13,532	12,875	116,963
Securities loans, reporting member banks.....	2,295	2,176	2,289	2,009	11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	36,222	36,248	36,935	35,507	115,999
Other securities held, reporting member banks.....	5,958	5,869	5,709	4,773	114,303
Excess reserves, all member banks.....	670	920	670	893	5,290
Total federal reserve credit outstanding.....	18,475	18,757	18,261	19,096	2,265

*Preliminary, week ended July 22.

††Estimate (BW—Jul. 12 '47, p. 16).

‡Revised.

§Date for "Latest Week" on each series on request.



1. Woeful Will, a worrier, was scared of family traveling. "We'll have to take the kids," said he; "we'll find our wits unraveling!" "Don't worry, Will," his wife replied. "The Statler's where we'll go, and they like kids. They'll help with ours, and we'll have fun, I know."



2. The Statler welcomed them with joy; their rooms were big and bright; fresh fruit, a present for the kids, was greeted with delight. "These Statler beds are swell," said Will, "but for our youngest, maybe..." "Stop worrying!" said Mrs. Will. "Here comes the crib for Baby."



3. Their dinner at the Statler had the children cheering, too. A special children's menu, free balloons when they were through, and Statler's famous food sure pleased the family—big and small. (They even mixed the formula . . . and Baby drank it all!)



4. "I still don't see," said Woeful Will, "how we'll get any fun." "We'll get a Statler sitter," said his wife, "and then we'll run to shop a bit, and see a show, and we won't need to hurry . . . she'll keep the children happy, safe and sound. So don't you worry!"



5. They ordered breakfast in their room (and was that breakfast good!). "Why, I'm enjoying this," said Will. "I never thought I would. I'll bet more folks would travel with their children, if they knew how easy Statler makes it, for the kids—and parents, too!"



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DETROIT • ST. LOUIS • WASHINGTON
STATLER OPERATED: HOTEL WILLIAM PENN • PITTSBURGH

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
JULY 29, 1950



Inflation is building up faster than the Truman planners anticipated. Price rises are spreading, at retail and back down the line. And there's no sign that Washington's reassurances are checking the rush to buy (page 21).

So more control plans are in the works despite Truman's hope to avoid the more irritating restraints until after the elections—such things as wage and price ceilings, consumer rationing, and, of course, higher taxes.

You can count on paying more taxes. You will get a foretaste in the stop-gap \$5-billion bill (page 20). But the big jolt is planned for next year.

Individual incomes will be hard hit, especially those in the bracket from \$5,000 to \$15,000. That's the big revenue-producing range.

Corporation incomes will catch it, too: first with a higher regular tax and then with an excess-profits tax.

Capital gains will be sluggish. There's pressure to confiscate them.

The tax rises won't be temporary. Korea is just one item of cost. Putting the defense of the U. S. and her allies on a higher level is a much bigger undertaking. It will run for years, even if there's no big war.

Price controls are perhaps only a matter of months away. The official line still is that they may not be needed, but this is being hedged around with more and more ifs—if taxes go up fast enough, if hoarding stops, if the war doesn't worsen, etc.

Many Truman advisers think they are needed now if a sharp price rise is to be avoided. But they know price controls will lead to other controls, some politically delicate, so they are keeping quiet.

Price controls would force wage controls. Without wage ceilings, the rising labor costs would keep pushing the price ceilings up. But the unions are against wage controls and there's no wish to offend them this year.

Price controls would bring rationing, too. Wartime experience leaves little doubt that once the free price mechanism is disturbed the government has to impose one control after another to keep the system going.

A strike control program is being developed, in an effort to avoid interruption of defense production. The work is being done by NSRB, under Symington. It looks as if the decision will be to put the program in the hands of a board, representing employers, labor, and the public. That was the arrangement in the last war.

Why the threat of controls beyond those Truman asked? Explanations are many, but taken together they boil down to this:

Washington doesn't know how far defense will go, so doesn't know how much steel, manpower, etc., civilian production must give up.

Handling of the crisis was inept: first the nonchalance, then the rush to rearm and control. This encourages scare buying.

Then, there's politics, with both sides anxious to capitalize on any breaks that may come their way. Note how quickly Republican statements

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
JULY 29, 1950

that taxes should be raised now to pay for defense brought a tax program out of the White House. It's the same sort of play that can bring a show-down on price controls.

•
Truman will get full power over the nation's production machine under terms of the production and control bill now going through Congress (page 19).

- He can say what can be produced and fix the quantity.
- He can say which businesses grow, which stand still, and which shrink.
- He can use government credit to boost output of goods and materials.
- He can take over private facilities for government operation.
- He can put government into business—produce and buy and sell.

Congress thinks it is more than is needed now. And it doubts the assurances that the power won't be used to socialize. But it is politically afraid to do more than trim the edges of what Truman has asked.

•
Civilian production cutbacks will be gradual. Over a period of months, the policy will be to gear them closely to rising military output and thus hold unemployment to a minimum in the conversion.

Auto production next year may be cut 15% to 25% below this year.

Home appliances will be in for a similar trimming, officials say.

Housing starts are slipping now and may be held to 750,000 in 1951.

The cuts won't be drastic, but they will be felt. The thinking now is that output of most civilian goods will remain well above the prewar level. But with consumer purchasing power high, the shortages will seem acute.

•
New procurement orders will begin to roll next month. Plans to spend the regular 1951 fiscal funds (\$13.5-billion) already have been made, so buying under them will start quickly. Buying under the new money (\$10.5-billion) will come a little later on.

•
The extra defense demand for materials will run high. Keep in mind that there will be three new spending programs, each calling for metals.

The armed services will order \$6-billion more of "hardware," planes, guns, tanks, etc. That's on top of the original military program with \$4-billion in it for that kind of spending.

New arms aid will take another bite. Help to allies will cost something like \$5-billion more and much of this will show up in hard-goods procurement.

Stockpiling is to be increased to the tune of at least \$500-million this year.

•
Whether mobilization ends in war is up to Russia. At the start of Korea, our top officials, including Truman, figured that the danger of a showdown was remote—the odds against it long. Now there's less certainty. And the change in thinking isn't just to impress Congress and get action. Congress has been ahead of Truman on defense for years.

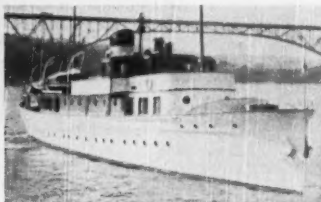
There is a danger that Russia will decide "now is the time." Korea has shown how weak we are militarily and it will be over a year before the current planning makes strength.

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YACHT—Leonore



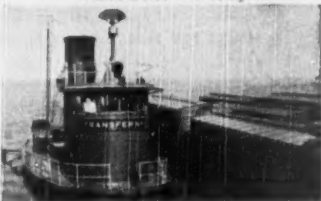
PILOT BOAT—New Jersey



TANKER—Esso Worcester



YACHT—Florence VI



TUG—Transfer No. 21



FISHING BOAT—Elias F. Wilcox



FERRY—Orient



RIVER TOWBOAT—L. Wade Childress



OCEAN LINER—Santa Paula



SELF-UNLOADER—Charles C. West



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HOME-FRONT STRATEGISTS: Sen. Burnet Maybank (left) and Sen. Charles Tobey (center) map out mobilization with NSRB's W. Stuart Symington.

Control Pattern Takes Shape

Congress is moving fast to give Truman the war powers he wants. There'll be inventory ceilings, order restrictions, priorities, and—eventually—allocations. Steel, tin, copper, aluminum hit first.

You are going to be doing business under government controls within a month.

Congress is moving at top speed to give Truman the war powers he asked for only 10 days ago. There will be a law on his desk in approximately two weeks.

Once it's signed, you can expect regulatory orders to start flowing out of Washington overnight.

House and Senate banking committees kicked off on Monday. And the first day of congressional hearings gave a good picture of what to expect.

First up was Chairman W. Stuart Symington, whose National Security Resources Board drafted the bill—the "Defense Production Act of 1950."

• **Blank Check**—Symington agreed with both Democrats and Republicans that the bill was pretty close to a blank check. It would give Truman all the powers used in World War II with these significant exceptions: consumer

price control and rationing, wages, and manpower.

Secretary Charles Sawyer, whose Commerce Dept. will run most of the controls program, promised that the powers will be used sparingly—and he promised to make the most use of voluntary cooperation of businessmen, especially at the start. But he gave no ground on the Administration's basic point—that it has to have the broad mandatory powers to deal quickly and effectively with whatever problems may arise.

• **As Ordered**—Democrats are giving the Administration solid backing. They've got the majorities, so the amendments Congress adopts will only modify somewhat the broad authority spelled out in the original bill.

At the end, the law will give Truman almost exactly what he is asking:

Priorities and allocation authority—to channel any scarce material into military and essential civilian uses; to

require priority production of national defense orders; to fix maximum inventories of any critical material; to limit production of nonessential civilian goods.

Requisition authority—to take over materials, equipment, and plants, if necessary. One amendment you may get: a specific directive that seized plants would be handed back to former owners, if they want them.

Production and supply expansion authority—to guarantee private bank loans for expanding output and developing new sources of needed supplies; to make direct government loans up to \$2-billion for the same purposes. Reconstruction Finance Corp., already in the congressional dog-house, won't get the free rein over this kitty that Jesse Jones had in World War II. In fact, Congress wants to give the job to somebody else—Sawyer, maybe.

Credit control—to restrict installment buying of consumer goods (Regulation W); to cut back on housing and real estate credit; to fix margins on commodity speculation; to sell government-held farm surpluses in order to control inflation.

• **Who'll Run What**—Right off, the Administration didn't say exactly how all this is going to work out and who is going to make the decisions, once the law is signed. But since no new "emergency" agencies will be created to do the job right away, the regular peacetime agencies would whack up the authority like this: The Federal Reserve Board would get credit; Interior would get electric power and all fuels; Commerce would get about everything else, including transportation.

To do the job, Commerce will set up a new unit to be called something like "Bureau of Industry Operation." (The word "controls," of course, will be taboo.) It will be built around a nucleus of present Commerce experts, plus a corps of newly recruited dollar-a-year men.

Sawyer laid out where the controls will hit first—steel, tin, copper, aluminum. Users can expect full use of the war power to control these critical metals.

• **Steel**—In steel, for example, the allocations program will start on a voluntary basis. But this system will be stiffer and stricter than the voluntary program put into effect two years ago. About all there was to that one was to make up a list of approved programs with specified steel tonnages and then

rely on the steel producers to deliver.

This time, the government will keep closer watch on the use of steel in the approved programs. Steel users will be told to process the steel for a specific job; if a manufacturer diverts allocated steel to any other purpose, he will bring all the wrath of Washington down on his head.

Steel allocations will be made for direct military programs covered in the regular appropriation measure for the Dept. of Defense and in the special appropriation of \$10-billion that Truman requested. Other programs, not directly military, may be covered later on. Those would include Interior Dept. operations, such as power and fuel programs, which are officially approved for mobilization. Agricultural programs linked to the mobilization effort will be sponsored by the Agriculture Dept.

• **The Controls**—As the control machinery warms up—and as military spending hits its stride—you can expect these measures, almost in one-two-three order:

• **Inventory limitation**—holding you to no more than perhaps 45 days' supply. At the same time, FRB will reimpose Regulation W. Both these steps

can be taken immediately without setting up any elaborate machinery.

• **Limitation orders**—restricting the use of tin in cans, for instance, or copper in kitchen utensils.

• **Priorities for military orders** in the works—as soon as the paper work can be organized. Then priorities for new weapons and equipment, as the Pentagon decides on what it wants. Then priorities for essential civilian equipment such as freight cars or power generators.

• **Allocations**—rationing the manufacturer—will probably come last, because it practically takes a war production board to operate them. Here's where you get the percentage cutbacks that can trim nonessential civilian production down to a fraction of peacetime output or if necessary shut it off entirely.

• **"New Normalcy"**—This is a grim pattern. But you can expect to be living with it for some time to come. It's laid out not just to fit Korea but to build up to the semigarrison state we need to hold our own with Russia. It's what Sen. Taft called the new normalcy of the decade of the '50s.

pay more. Here's a short table to show you what your rates will be—if Congress O.K.'s them:

Net Income	Present Tax	Proposed Tax
\$10,000	\$2,000	\$2,500
31,250	8,963	8,963
50,000	19,000	17,500
71,429	27,143	27,143
100,000	38,000	40,000
500,000	190,000	220,000
10,000,000	3,800,000	4,495,000

New corporate taxes would bring in a shade over \$2-billion a year. The loophole plugging the House put into its earlier bill will stay, bringing in another \$600-million.

All told, the \$5-billion tax bill will raise federal revenue to around \$42-billion.

• **Spending**—Of the \$10.5-billion in new military spending, only \$3.8-billion will go for housekeeping—pay, travel, maintenance, and the like. The rest will go for procurement—about \$6.2-billion for hardware. Here's how the \$10.5-billion breaks down:

Aircraft	\$3,345,000,000
Tanks, guns, etc.	2,646,000,000
Ships	185,000,000
Pay allowances	1,342,000,000
Maintenance	2,504,000,000
All other	464,000,000
Total	\$10,487,000,000

The Pentagon thinks it will get all the orders out in about 12 months. Contract lettings will move at a fast clip.

But tanks and planes take a long time to deliver in quantity. So the most you can expect to see actually paid out for deliveries by June, 1951, is around \$2.5-billion.

• **Pay As You Go**—Put actual spending alongside actual revenue from the new tax bill and you get a balance. By June 30, 1951, individuals will have paid the new rate for one quarter of 1950, half of 1951. That will net the Treasury somewhat more than \$1.5-billion. By the same date, corporations will have made two payments under the new law. That will add in another billion.

More defense, more arms aid, more stockpiling will mean new requests for money to stay on pay-as-you-go. That's why Truman says he will want a new tax bill next year. How long can you stay on balance? Taft says you can get \$55-billion in taxes without hurting the economy badly. Some Democrats figure we ought to pay our way up to as much as \$80-billion before going to borrowing.

In its midyear report, out this week, the Council of Economic Advisers warned against deficit financing at this stage. The council found that the economy is in sound shape. It figures the U.S. can produce \$8-billion to \$10-billion more in goods than it is turning out even now. Increased earnings from the stepped-up activity, plus the new tax rates, should make it possible to pay the bills for some time to come.

On Defense, It's Pay as We Spend

The stop-gap \$5-billion tax bill will meet defense costs through June, 1951. After that, pay-as-you-go will come higher.

You can see now where the money for the semigarrison state is coming from and how it is going to be spent.

Truman has presented U.S. taxpayers with a \$5-billion first instalment toward meeting the cost of Korea and what comes after. And he has spelled out to Congress what the \$10.5-billion in new military spending will buy.

This may look like bigger immediate deficits. But because revenue can be collected faster than the appropriations can actually be spent, the program will be pay-as-you-go, at least through June, 1951.

• **Taxes**—The feeling in Congress that we had to pay our way as long as we could pressured Truman into asking for a stop-gap tax bill now. Until last weekend, the plan had been to wait until late this year or early January before levying new rates.

Next year, there will be another bill—an even tougher one. It will have all the painful features of an all-out war tax structure—still higher personal and corporate rates, an excess-profits levy, maybe more excises, possibly a confiscatory capital-gains tax. (There isn't any excess-profits tax in the stop-gap bill because there isn't time to get agreement on the base to be used.) It will be aimed at balancing off the still bigger increases for defense.

Individuals would feel the stop-gap program first. Effective about Oct. 1, the withholding rate for individuals would go up about three percentage points to 18% of income after exemptions.

The new bill would repeal the 9% to 17% cuts made in 1945 and in the Knutson tax bill of 1948. Even the man making as little as \$2,000 would pay more. However, income splitting and the \$600 personal exemption would stand unchanged.

The higher individual rates would bring in more than \$2-billion a year in added revenue.

Corporations would pay higher taxes on all their 1950 income. The 38% ceiling would be lifted to 45%. The rate pattern roughly follows that adopted by the House last month when Congress was working on the excise-cutting bill.

There would be a normal corporate tax of 25% on all companies. Those making over \$25,000 would have to pay a 20% surtax besides. This schedule eliminates the extra-high 53% "notch" rate on income between \$25,000 and \$50,000.

This works out so that corporations earning between \$31,000 and \$71,000 would actually pay less than now. Those smaller and those larger would

Scare Buying Seizes Shoppers

It's booming in most places, though the rush on food has let up a little. Household appliances, nylons, cars feel the pinch. Prices rise, and some lines are taking to allocations.

A couple of weeks ago, they weren't calling it scare buying (BW—Jul. 8 '50, p. 21). Now they are. The war-born shopping spree is really rolling. For the week ended July 15, the Federal Reserve Board reported department store sales 24% ahead of the corresponding week in 1949. For the first six months, sales had lagged 1% behind 1949. Dallas showed the biggest gain—39%; but even the smallest—Richmond—was up 12%.

• **Rush Is On**—Scare buying hasn't hit all spots equally hard. Chicago is still relatively quiet. And some of the places on the West Coast, where panic buying first showed up, are tapering off a bit. But across the board, there's a rush for appliances, nylons, cars, tires, and, to a lesser extent, food.

Prices are rising, too. Some stores, nervous about price ceilings, were alert to shove up the price tag. Wholesalers put their distributors on allocation here and there. The National Assn. of Electrical Distributors issued a warning to retailers on the perils of overordering. Department stores, such as New York's R. H. Macy and Los Angeles' Robinson's, were buying ads in newspapers to urge their customers to go slow.

Around the country, here's the way the picture looked:

Detroit. Major buying scramble on. Automobile demand was back to 1946 levels. Numerous dealers of popular-priced cars had stopped taking orders. Used-car prices stiffening. Stocks of television sets down to bedrock. A local distributor with 1,000 sets on hand a week ago Monday had none left Tuesday afternoon. Women three and four deep at the nylon counters. Hudson's, Detroit's largest store, had 3,300 telephone orders it hadn't processed at the close of business last week.

Tire sales doubled in the last couple of weeks; manufacturers are telling retailers they'll get only a normal month's supply. On appliances, one big Sears store had to stop taking orders.

Chicago. Panic buying not so bad here. Sears has quit taking orders only on automatic washers. Tire buying heavy. Ditto nylons, sheets, and pillow cases. One department store reported, "We're having May business in July, and we like it." Foresee no trouble in getting restocked.

No new cars for immediate delivery; used-car prices are up a little. One big food chain says scare buying is beginning to taper off.

Seattle. Appliance movement very heavy; big dealers on allocation basis. Prices moving up on consumer hard lines—and on bread.

San Francisco. The first wave of panic buying in foods seems past. Tire sales at service stations are up 60%, but no sign of under-the-counter deals. Stores say "no run on nylons," but it's hard to find the counter. Appliance stores swamped. The biggest appliance dealer says, "The panic is putting us out of business."

San Diego. Big chain reports sugar sales jumped to four times normal, then dropped to three. Shortening running 50% above normal, large cans of coffee 25%. Independent small store notes tapering off in buying.

Auto dealers insist on trade-ins for new-car sales—and people don't want to turn their old cars in. Some dealers allow about 10% less on a used car, charge about 10% more. A 1950 "used" car gets at least 5% premium. Tires, on allocation, are cleaned out in 24 hours.

Appliances are up around 75% to

100% on the average; some 300%.

Dallas. Scare buying, particularly in grocery lines. One chain carries five times usual amount of sugar to keep stocked. Sheets and hose run off department stores' shelves, though buying on other soft items seems to be tapering. Prices moving up. Tires in good supply; panic buying here is fading.

Birmingham. Some retailers and distributors limit sales. Tires and electrical appliances are gobbled up. New-car demand up 20% to 40% in last two months. Used-car sales have soared; prices have risen \$50 to \$200.

Nylons, bedding tight; some stores allocate them. Appliance dealers cleaned out, though most prices hold steady. Oil prices up.

Baltimore. Some pressure in groceries, refrigerators, nylons, TV sets. Bakers' prices up. First signs of under-the-counter deals for quick deliveries on autos. Individuals ask banks for loans—\$20,000 to \$40,000—to go into the canned goods, whiskey, and photographic-materials business.

New York. Some scare buying, though some say it's mostly on items people have been meaning to buy for months. Sugar the only food that's consistently hoarded. Rush on tires. New cars tight. Trade-in prices topple. A man who was offered \$1,200 on a trade-in before the President's speech could get only \$750 the next day. Nylons pinched, lesser run on appliances.



Second Front in the Korean War

War doesn't halt the diplomatic cocktail party instinct, but it does heat up the conversation. Recently, Lieut. Col. Surya Jung Thapa, military attache at the Nepalese Embassy in London, invited British, Amer-

ican, Russian diplomats to a party. The finger-shaking guest—Col. Victor M. Poudov of the Soviet Embassy—told Maj. Gen. A. C. Shortt, of Britain's Military Intelligence: "You send ships—we will send tanks."



BOARD CHAIRMAN Litchfield (second from right) and executives look over scale model of Goodyear's new tire plant in Luxembourg.

Goodyear Expands Abroad

Tire company adds Luxembourg link to chain of 15 foreign plants, carrying out policy of overseas investment set by Chairman Litchfield who celebrates 50th year with company this month.

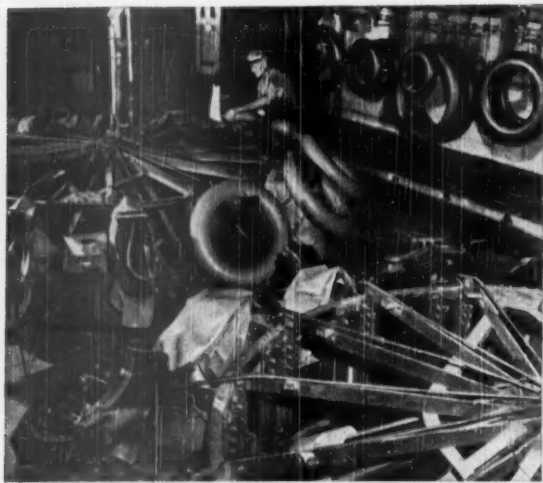


"COLD RUBBER" production is experimental at Goodyear's Akron plant. Litchfield wants government to keep its synthetic plants new.

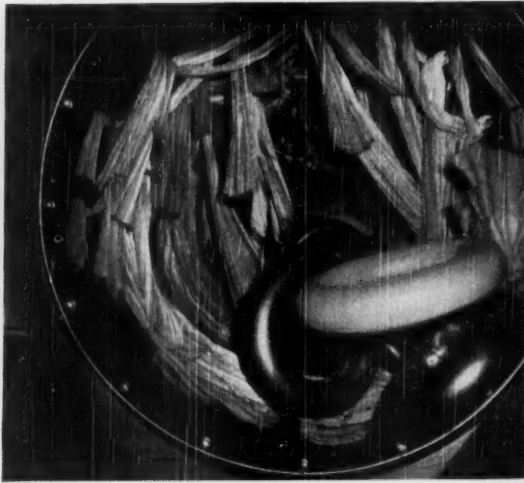
U.S. businesses that are thinking of investing in subsidiaries abroad might take their cue from Goodyear Tire & Rubber Co. Long before the President came up with Point 4, Goodyear had been running its own "bold new program" of foreign investment.

• **40 Years Abroad**—Over 40 years ago, Goodyear set up its first foreign plant—in Bowmanville, Ont., Canada. Now the company has 15 plants operating in 12 countries outside the U.S. Soon there will be 16. Construction is nearing completion on a \$5-million tire-manufacturing branch plant in Luxembourg (picture, above).

At the start of the year, Goodyear estimated its total assets in foreign plants at \$51,742,000. This foreign investment



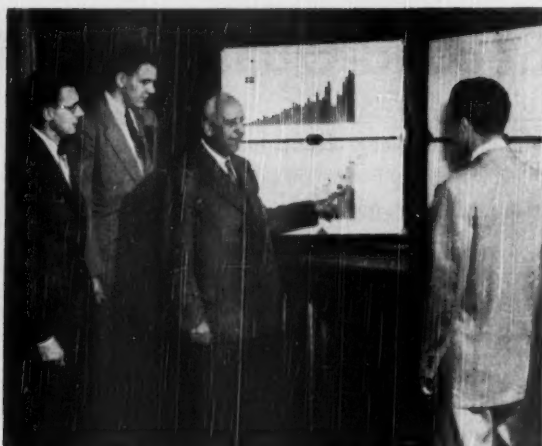
MERRY-GO-ROUND in Goodyear's tube room sucks the air out of tubes fast after they have been inflated to test for leaks.



SQUIRREL CAGE gives inflated tubes a quick polish after testing by tumbling them through revolving drum festooned with polishing cloths.



ROUND TABLE luncheons of top executives were started by Litchfield 14 years ago. Shop talk crosses 16-ft. diameter oak table.



GOODYEAR "SQUADRON," composed of newcomers to the company, gets a three-year course on all phases of the rubber industry.

contributed \$9,898,000 to the company's net profit of \$20,230,000 last year.

• **Advocate**—For Paul Weeks Litchfield, board chairman of Goodyear, this payoff has special significance. Litchfield has been a leading advocate of foreign investment ever since he took over the presidency of the company in 1926. This month, Litchfield celebrates both his 75th birthday and his 50th anniversary with Goodyear. And this week, as Goodyear commemorated Litchfield's half-century service, it turned out its 500-millionth pneumatic tire. That's far and away the greatest number of tires made by any company in the industry's history.

Litchfield is often referred to as "Mr. Goodyear." He has set the fast pace for the company's growth ever since he

joined Goodyear in 1900, less than two years after its founding, as superintendent in charge of production.

• **Developer**—He started making improvements in tires fast. In 1901, he developed a detachable side flange to hold the round-walled tires of that day on wheel rims. In 1905, Goodyear came out with the first "straight side" tire that was held to the rim by a new type braided wire bead. This was also Litchfield-inspired. In 1908, Litchfield designed the diamond tread, now a famous Goodyear trademark.

Litchfield was also the driving force behind the building of lighter-than-air craft in this country. In 1910, he brought over from England a machine to coat balloon fabric with rubber. With this as a starter, he organized an aeronautics de-

partment at Goodyear that was later to build hundreds of observation balloons and airships for the U.S. Wherever he could, Litchfield tried to speed the development of national air-mindedness. He sponsored the first Air Scout troop, for instance, which teaches flying to boys between 16 and 18 (picture, below).

• **Strong Conviction**—Litchfield doesn't hesitate to take a course that might put him in the minority. During recent congressional hearings on a new synthetic-rubber bill, Litchfield stood alone among industry leaders in opposing further sale or lease of the government's synthetic-rubber plants at this time. He holds that further breaking up of the synthetic production package at this time would endanger national security.



AIR SCOUTS in Akron Troop No. 1 learn on the ground to fly with Link Trainer. Litchfield founded this branch of scouting.



LITCHFIELD RELAXES, infrequently, by playing the organ in his home, "the Anchorage." He improvises melodies from popular tunes.

Second-Quarter Profits Ride High

Earnings should be far ahead of last year. Profits lead sales. But it may be just on paper after Uncle Sam takes his.

Everything points to record profits this year—before taxes. And if it weren't for the fast-growing threat of new wartime levies, businessmen could count on ringing up a record net after taxes, too.

It's obvious from early-bird reports that second-quarter earnings will be far ahead of the same period last year (table). In fact, six-month earnings for 1950 should come close to matching the first half of 1948 when the postwar prosperity was near its peak.

• **Profits Lead Sales**—Manufacturers sold a lot more goods in the second quarter this year than they did in the same three months a year ago. More important, in most cases profits have climbed faster than sales. This is an indirect benefit that manufacturers have squeezed out of last summer's recession. They had to get their costs under control then. So they're clearing more on their sales dollar now.

This effect has been so strong that some companies made more money this quarter than they did a year ago though sales were actually lower. Rheem Mfg. Co., for instance, dropped 47% in sales; but its net profit is 79% above the 1949 period.

• **Steel Leads**—The steel companies, which were roaring along above theoretical capacity for most of the June quarter, are leading the field. Mighty U.S. Steel boosted profits by 59%, while sales climbed 16%. Republic sold 19% more in this quarter than last year, but profits were up 107%. Allegheny Ludlum boosted profits from a bare \$18,000 last year to \$2.3-million this year on a 68% increase in sales.

TV companies did well, too. Admiral's sales were up 93%, its profit 167%. Motorola upped sales 81%, reported a 134% jump in earnings.

Practically all building-supply companies made handsome showings. Minneapolis-Honeywell nearly tripled the \$1.1-million it made last year, while boosting sales 63%. Most household-appliance makers were another happy lot. Nash-Kelvinator (both a household appliance and auto company) had by far the best quarter it's ever had.

Some other outstanding groups: paper, containers, chemicals, ethical drugs, heavy industrial equipment (with exceptions), textiles, truck makers (auto companies haven't reported yet, but should be in clover).

	Sales		Net Income	
	1950	1949	1950	1949
Admiral Corp.	\$57,004,439	\$29,597,308	\$4,326,735	\$1,619,472
Allen Industries	8,278,321	5,753,987	334,732	257,961
Allegheny Ludlum Steel	40,737,212	24,187,551	2,300,490	17,806
American Potash	3,617,229	3,074,496	491,169	406,320
American Steel Foundries	15,796,393	16,537,679	1,162,305	1,844,717
Atlas Powder	9,983,293	9,402,285	751,200	453,155
Beech Aircraft	4,002,168	5,347,568	120,392	163,996
Bendix Home Appliances	12,588,510	7,053,729	965,949	D40,138
Blaw-Knox Co.	15,193,873	18,389,491	1,024,872	1,026,882
Caterpillar Tractor	83,069,783	62,948,922	8,904,395	3,843,231
Consolidated Cement	1,484,500	1,311,800	306,600	306,900
Container Corp.	34,067,855	26,891,924	2,490,797	1,635,527
Continental Steel	9,478,350	7,079,339	870,719	210,719
Diamond T. Motor Car	6,982,288	5,240,258	96,655	38,793
Elliott Co.	6,859,440	6,952,521	405,375	940,297
Emsco Derrick	2,964,562	3,401,949	200,440	151,820
Follansbee Steel	6,950,000	6,342,000	268,847	D202,151
General Bronze	5,294,800	2,740,250	314,736	111,748
General Electric	462,600,631	390,141,000	40,586,601	19,850,000
General Foods Corp.	124,637,967	112,578,513	5,854,279	6,764,420
General Portland Cement	5,996,300	5,472,800	1,650,200	1,403,900
Georgia-Pacific Plywood	14,513,168	9,011,082	1,042,624	D160,159
Gillette Safety Razor	21,446,000	20,237,000	3,623,048	2,225,711
Gleaner Harvester	1,704,963	4,949,000	294,210	1,274,294
Hercules Powder	38,061,077	30,237,467	3,641,117	2,404,594
Hewitt Robins	5,262,611	4,637,395	295,255	26,197
Johns-Manville	48,974,526	38,158,249	6,172,136	2,882,169
Joy Mfg.	12,098,546	12,305,195	976,484	646,163
Lehigh Portland Cement	13,178,452	11,317,534	2,072,497	1,729,095
Liggett & Myers Tobacco	131,408,000	140,788,000	7,873,000	7,399,000
Lorillard Co.	41,268,196	38,991,992	1,678,242	1,625,066
Mathieson Chemical	20,250,750	16,377,132	2,207,733	2,074,266
Mengel Co.	9,409,659	5,535,315	441,758	D304,617
Minneapolis-Honeywell	24,438,428	14,957,079	3,042,731	1,102,721
Monarch Machine Tool	1,381,365	2,113,220	113,384	162,700
Monsanto Chemical	102,704,934	79,347,108	13,123,396	7,989,858
Motorola	34,500,425	19,050,067	2,376,000	1,016,000
Mullins Mfg.	13,022,873	7,304,838	1,418,183	550,774
Nash-Kelvinator	132,829,364	99,717,073	10,052,117	7,254,248
North American Aviation	25,067,474	36,098,403	1,898,000	2,182,386
Pennsylvania Coal & Coke	1,653,130	1,893,684	1,044	5,577
Pennsylvania-Dixie Cement	6,259,899	4,827,730	1,140,864	745,669
Pittsburgh Consolidation	47,732,529	50,203,358	4,177,183	4,414,444
Republic Steel	221,464,327	184,764,894	21,080,742	10,178,544
Rheem Mfg.	15,508,000	29,239,000	1,038,638	580,905
Rotary Electric Steel	7,861,344	3,664,867	310,841	1,097,052
Sharp & Dohme	9,938,743	9,245,879	1,372,223	1,080,617
Thor Corp.	5,850,274	6,318,344	121,312	233,053
U. S. Steel	752,827,578	647,046,308	69,861,496	44,123,595
U. S. Tobacco	5,753,816	5,372,912	694,526	720,181
Walworth Co.	7,536,742	7,724,976	223,741	226,382
Worthington Pump	NA	NA	1,437,696	1,126,482

NA—Not available. D—Deficit.



Pipeline Waits for River Ride to New York

On Aug. 8, these 440-ft. lengths of tube are slated to be sunk in the Hudson River, becoming the first natural-gas pipeline to Manhattan Island. The tube, which is part of line stretching from the Rio Grande,

will be floated out from both sides of the river in two sections. Transcontinental Gas Pipe Line Corp., the builder, then plans to weld the two main sections together and sink them in the river bottom.

Get Set for Steel Pinches

They won't come until the last quarter of the year, and they won't be much at first. But defense plans will eventually be taking about 10% of total steel output.

Truman's partial mobilization program will begin to cut into steel supplies in the fourth quarter of 1950. Until then, civilian customers can count on getting pretty much what they were slated to get from the mills before Korea.

That's the outlook this week—although there has been some fancy speculation about how soon the arms program will be felt. With military programs still in the formative stage, the quantities of basic materials required are still anybody's guess. And they probably won't be known until steel companies begin making up their order books and rolling schedules for the fourth quarter.

• **Allocations**—The industry is already making plans for operating under an allocations program. The system will be voluntary at first (page 19). At some later date, it will be put on a compulsory basis.

But a close look at the \$10-billion arms program that Truman has sent to Congress doesn't show any immediate heavy drain on steel supplies. One of

the largest elements is aircraft procurement. That program won't take a lot of steel. Some high strength alloys will be needed for structural members of the fuselage sections and an even larger quantity will go into cylinder head forgings. But tonnages involved aren't expected now to be large as steel tonnages go.

A bigger steel user will be the tank-building program. But its steel requirements will build up slowly. For one thing, the armed services still haven't decided on final engineering of the proposed new heavy tank. For another thing, under the provisions of the Cadillac tank contract, the first unit probably won't be ready for delivery for at least 10 months.

• **10% Later**—Eventually, however, the arms program will siphon off a lot of steel. Last week in Washington, there were rough estimates that as much as 10% of total steel output will wind up in war weapons. That would mean a total demand from the military of about 7.5-million tons out of present production, running at an annual rate of

approximately 75-million finished tons.

Of course, effects of military demand will be felt a lot quicker in 1950 than they were when the U.S. launched its national defense program in 1940. At that time, steel production was far below capacity. The mills could take on more orders without disturbing those already booked for civilian use. But there isn't that slack now; production has been running most of this year at 100% of capacity or only slightly below that figure. Somebody will have to be bumped off the mill order lists when the military orders begin to come in.

• **Cuts**—That poses another problem: Who gets hurt? Obviously, the steel used in housing will be cut if the new home-financing requirements have the effect they are supposed to.

Washington officials usually mention autos and appliances as two industries to be pared down. But there is no clear indication yet that they will be told exactly how much they can or can't produce. Besides, there's some hope that civilian buying of those items will be cut by credit controls and taxes, and, therefore, steel consumption will drop.

• **Same Pots, New Mix**—One early effect of the mobilization program for steel will be the change in the product mix. War is a great consumer of alloy steels. Therefore, the proportion of alloy steel production will rise. Steel plates will be in greater demand since they are used in tanks, ships, armored vehicles, and large weapons.

When all available plate capacity is put to use, the next step is the conversion of certain sheet-making facilities to plate production. Cold-finished carbon bars will also be used more extensively as will both hot and cold alloy bars.

• **New Pots, Too**—Even though the military pressure for steel hasn't been felt yet, there is a revival of talk in Washington about expansion of capacity. Advocates of a "guns and butter" economy would like to see at least 10-million tons of new capacity added. Last week, the steel industry announced a new expansion program that is expected to boost total ingot capacity to 105,750,000 tons by the end of 1952. On July 1, steelmaking capacity stood at 10,563,500 tons of ingots and steel for castings.

During the first six months of 1950, capacity was increased by 1,170,700 tons. If you count that in with charted expansion for the last half of 1950 and the next two years, you get an over-all expansion program of about 6,363,000 tons.

That expansion will come in rather steadily, so it will contribute to the total steel supply as the arms program gets under way.

Meat Supply: Lean

High consumer incomes have kept meat supply tight. Prices will soar if government hikes buying.

Prospects for a bigger U.S. meat supply this year and next look pretty slim. You're going to be able to buy more meat in the next few months. But don't let that fool you—it's only a seasonal rise that won't last long or do much good.

And if the government steps in with a big program to feed a growing military force, prices will go on soaring higher than they are now.

• **Supply Paces Demand**—The sad truth is that for over two years meat supplies have just kept pace with our bigger population. There isn't any surplus to draw on. That—and the high level of consumer income—has kept prices high.

And civilians could probably have absorbed the modest increase in supplies that will come in the next few months, still at fairly high prices. So every pound the government buys in excess of normal civilian demand is going to tip the price scales higher.

• **No Downward Trend**—The spectacular drop in wholesale pork prices the week of July 17-22 didn't signal a downward price trend. It merely proved that nobody can sell pork chops for the price of beefsteak, which has been running around \$1 a pound in city markets. That drop wiped out half of the sharp advance in pork prices since the Korean war.

The trade expects pork prices to drop more in the weeks just ahead, as the spring pig crop starts to market. But that's the normal seasonal pattern—it doesn't mean a basic decline in meat prices.

• **Few More Hogs**—The pig crop for the next 14 months is pretty well set. You can't hurry nature to meet war demands. This year's spring crop will be up only 3% over last year. And the fall crop—which was bred in May—will be only about 5% more than last year.

Together, these increases mean that about 1.5-million more hogs will be slaughtered in federally inspected plants this fall. Nobody can tell how many pounds of pork the hogs will make. That depends on the size of this year's corn crop, which is off to a good start. At best, pork supplies will be about the same next spring and summer as they have been this year, on a per capita basis.

• **Beef No Better**—The same is true for beef. As of January 1 this year, the total number of cattle to be slaughtered was less than every year but one (1948) in

the past eight years. That decline will be partly offset by a 34% increase in the number of cattle being fattened this year in the corn belt. This means there will be a temporary bulge in the beef supply this fall. But any real gain in beef supplies is at least two years off.

Poultry supplies aren't going to help. The June chick hatch was 15% below last year. Chicks on farms are at the lowest figure since 1937.

• **Meat on the Hoof**—And our meat-on-the-hoof inventory isn't impressive when you consider the normal demands of consumers in a high-income period. When Korean spending begins to reach consumer pocketbooks in six months or so, that inventory will look even smaller. That's another reason why government demands for meat will tip the scales on prices. And the worst part is that no one knows how much the government will buy. But prices will undoubtedly go up if the government comes into the market to any great extent.

• **Nylons for Meat?**—If housewives pass up the meat counters in favor of other items—like nylons—the picture might change. When the average housewife puts out cash for a dozen pairs of nylon hose, the family meat platter may be left a little bare. The trouble is, people don't stay away from meat counters for long.

Ford Report Shows 1949 Was Banner Year

Once a year, the rest of the business world gets a peek at the books of the Ford Motor Co. Massachusetts law requires all companies that are doing business in the state to publish skeleton balance sheets.

Last week, Ford went through this annual ritual. As usual, it didn't report profits. But a look at the net worth figures shows that 1949 must have been a banner year. Net worth increased \$162,332,904. Total earnings obviously were larger than that because some of them were paid out in dividends. In 1948, Ford's net profit was indicated to be about \$93-million (BW—Nov. 19'49, p.25).

• **New Account**—Accountants quickly spotted a new item on Ford's balance sheet. The company has taken \$500-million out of surplus and set it up in a new account called "capital account in excess of par value of stock."

Ford isn't saying why it did this. But tax experts are ready to make a guess. They think that Ford wants a strong talking point if the Bureau of Internal Revenue ever brings up the question of Sec. 102—the law that slaps a penalty tax on unreasonable retention of earnings.

BUSINESS BRIEFS

The President's plea to hold the line on prices prompted Reynolds Metals Co. to rescind last week's 1¢-a-lb. increase on aluminum pigs and ingots. Reynolds' boost followed an industry-wide hike of 4¢ a lb. last May.

Industrial production in June climbed to a new peacetime record, 199 on the Federal Reserve Board Index. In June, 1949, the figure stood at 169% of the 1935-39 average.

Vacation plans were scuttled by United Aircraft and Glenn L. Martin. United canceled two-week plant shutdowns at two of its divisions to speed deliveries of engines and propellers to the military. Martin stopped all vacations because of work on defense orders.

RFC balked at the court order requiring it to turn over Waltham Watch's collateral and inventory to the company trustees (BW—Jul. 8'50, p.28). The agency plans an appeal, contending the collateral is RFC property and that the court has no power to take inventory pledged for a loan.

Antitrust guns leveled on five Standard Oil companies and Atlas Supply Co., Newark, N. J. The Federal Trade Commission charges the six with monopolistic practices in the purchase and resale of tires, batteries, and other auto accessories. FTC says all Atlas common stock is owned by the five companies.

St. Louis blues: City officials are mourning the passing of the local 1% tax on individual earnings and net business profits. The levy, which brought in close to \$7-million a year, died when the state legislature took no action on renewing the city's power to use it.

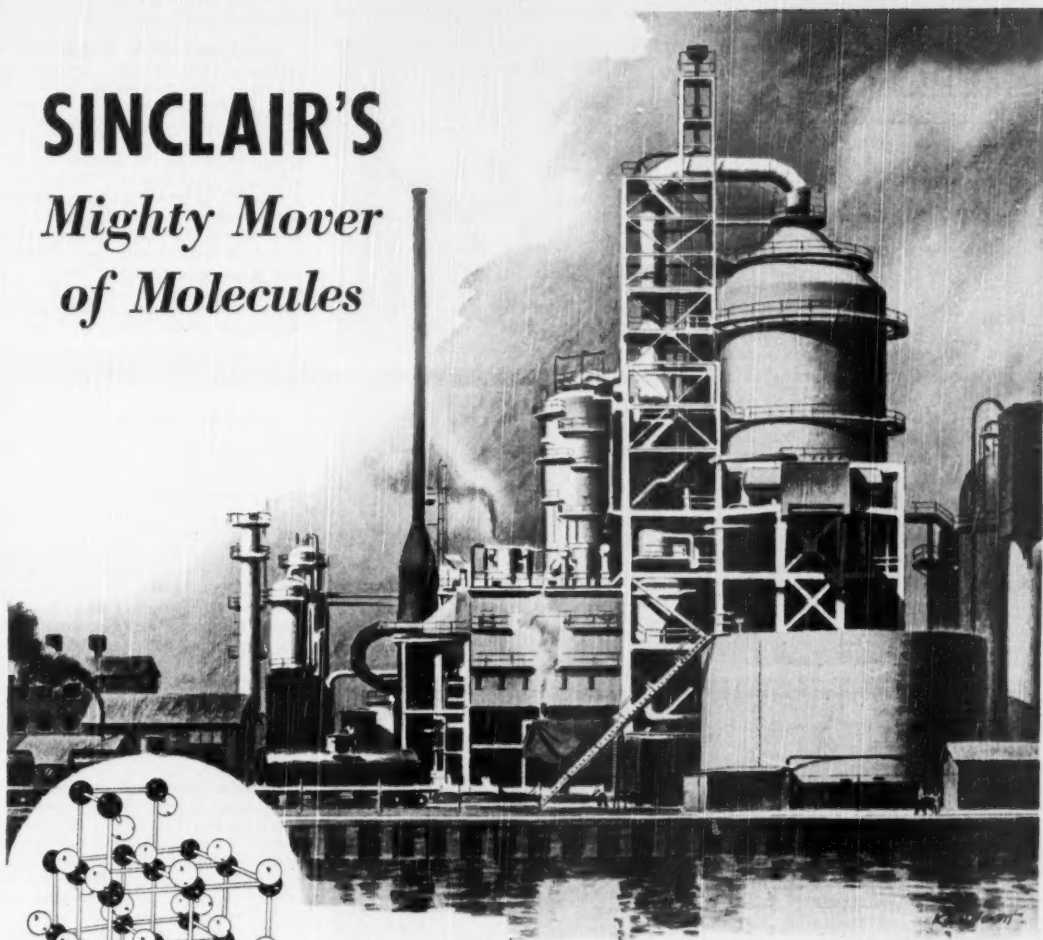
Cigarette prices climbed 25¢ a thousand on R. J. Reynolds' Camel and Cavalier. The jump, which will probably show up as a hike of 1¢ a pack at retail, was "due to increased costs, particularly in leaf tobacco . . ."

A war-scare "sale" at the G&G Drug Store, Mill Valley, Calif., brought out goods marked up by at least 20%. Owners Gelardi and Gaidano looked for few customers but hoped the prices would drive home the reason for buying only what you need.

Perfection Steel Body Co. (dump-truck bodies, farm equipment) bought the former New York Central car shops at Bucyrus, Ohio. Perfection will convert the shops into a plant to make a new line of tillage tools.

SINCLAIR'S

Mighty Mover of Molecules



Molecular model demonstrating the crystal structure of a catalyst used in petroleum refining.

This complex giant, the "cat cracker" that towers 220 feet above the East Chicago (Indiana) Refinery, is one important reason why Sinclair gets 60% more gasoline from crude oil than was possible 30 years ago.

This giant's official name, Fluid Catalytic Cracking Still, is a shorthand description of its method and purpose. It refines petroleum by taking big hydrocarbon molecules and cracking them up into little ones.

Sinclair's East Chicago "cat cracker" is the end result of millions of dollars' worth of engineering experience. Every element in its design was first tested on pilot plant scale at the Company's Re-

search Laboratories. A model of compactness and efficiency, it has a capacity of a million and a quarter gallons a day.

Even this, of course, is only a fraction of Sinclair's total refining story. In six great plants located strategically throughout the country, the refinery "runs" approach four billion gallons a year . . . another reason for Sinclair's leadership in the petroleum industry.

SINCLAIR
A Great Name in Oil

REGIONAL REPORT

Income, Up and Up

Even in June all the makings were there for steady rise. Now war will bring an even sharper upturn.

It's no longer a question of whether income in a given region gained over a month ago or a year ago—it's a question of how much. By June, even before Korea, all of the factors that affect income were on the way up.

Industrial production was making new highs almost every week. With rising prices for nonferrous metals, mining activity was being stepped up. Retail trade had shaken off its spring doldrums (department-store sales have topped last year each week since the last week in May). And farm income prospects turned distinctly better than earlier in the year. Prices rose; the weather improved. It now appears that 1950 farm cash income may be not more than 5% below last year's figure.

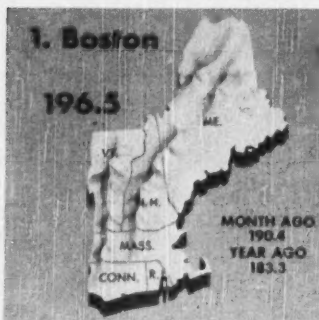
As a result of all this, the national composite of BUSINESS WEEK's Regional Income Indexes rose 24%, from 230.2% of the 1941 average (revised) in May to 285.9% in June.

• **War Pressure**—Since war broke over Korea, the upturn in all lines has become even sharper. In the months to come, extra government spending will funnel into manufacturing and mining payrolls; this will bring more demand at the retail level and will exert a further upward pressure on farm prices. As an indication of what may be ahead, department-store sales in the week ended July 15 were 24% ahead of a year ago.

This 1950 income rise compares with an exactly opposite trend in 1949: Last year, the income index declined steadily through October. So the gap can be expected to widen rapidly. In June, the composite index was 7.2% ahead of a year ago. Here's how the regions compare:

Region	% Gain
1. Dallas	12.9%
6. Atlanta	9.2
7. Chicago	9.0
4. Cleveland	8.2
5. Richmond	8.2
3. Philadelphia	7.9
1. Boston	7.2
12. San Francisco	6.8
10. Kansas City	6.7
8. St. Louis	4.7
2. New York	4.2
9. Minneapolis	3.7

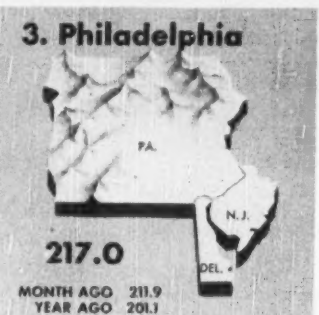
June figures preliminary; May revised



Income was a little stronger than the national average in June. Lumber, pulp, and paper mills are running full tilt, with some on overtime; activity is increasing in all textile lines; machinery and machine-tool business is well above a year ago. Even Rhode Island's jewelry industry has picked up sharply; payrolls rose 15% last month. A new TV plant at Chicopee, Mass., will provide 900 jobs. At Naugatuck, Conn., U.S. Rubber has called back 400 workers it laid off three months ago. A 500-man shoe factory is scheduled for Bangor. A new bowling-pin factory will hire 400 at Eagle Lake, Me. Worcester, Meriden, and Bennington are off the distress-areas list.



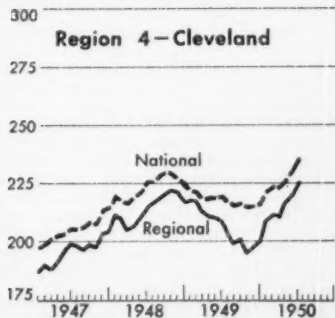
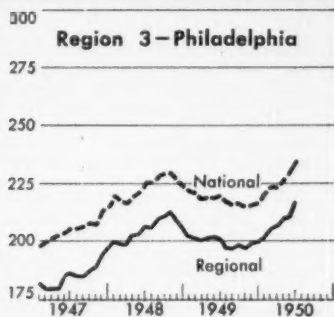
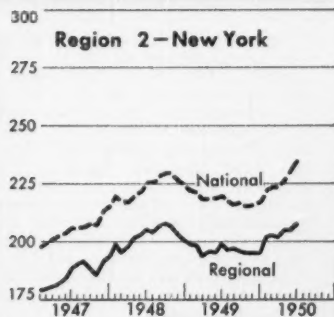
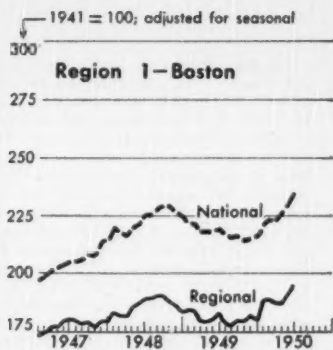
Income was up only slightly in June. Department-store sales continue relatively weak, particularly in New York City. This soft-goods manufacturing area has not shared fully in the current boom. But industrial trends are strong in northern New Jersey and most upstate New York cities. Danbury's hat industry is showing improvement. New York farm income will be down about 10% this year; dairy areas will be weakest. The Air Force is shifting its electronics lab from Eatontown, N. J., to Rome, N. Y.; 500 jobs are involved. G.E. will enlarge its Utica plant, boosting employment by 700. White Laboratories is building a \$5-million factory at Kenilworth, N. J.



The June income rise just about matched the national average. Factory employment in the greater Philadelphia area has risen sharply; it's now well above year-ago levels. And in Delaware, unemployment dropped again; it's expected to continue downward at least until fall. Rains early this month helped crops throughout the region. But army worms have been destructive in southern Pennsylvania. U.S. Steel will start construction on its Delaware River mill early next year. A new garment plant will open next month in York, Pa., with a \$360,000 annual payroll. A 150-man plant to make folding doors is scheduled for September opening at Williamsport, Pa.



Income in this heavy-goods area, already rising fast, will be an early beneficiary of the new war spending. Last month, new machine-tool orders were the highest since May, 1945—with no government business in yet. Things even look good around the Pennsylvania and Kentucky coal mines. The new Ford plant at Cincinnati goes into full operation next month with 2,000 employees. U.S. Steel will expand five plants in the Pittsburgh-Youngstown area. New Kentucky plants: Nicholasville, shoe factory, 200 men; Cynthiana, aluminum fabricating, 100 men. In Ohio: Jackson, clothing factory, 300 women; Piqua, metal fabricator, 200 men; Windham, refractories, 150 men.



(Continued on page 30)



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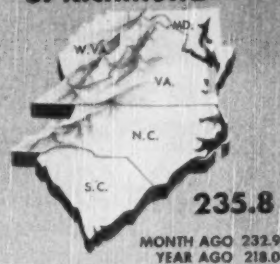
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June figures preliminary; May revised

5. Richmond



The June income rise was the smallest in the country. And department-store sales have been relatively weak compared with last year. But the tobacco and furniture industries are operating at peak levels. And military orders should assure good textile business indefinitely. Southwestern West Virginia and western Maryland are the region's softest spots. New ship-repair and ship-reconditioning work should help Newport News, now on the distress-areas list. Ford's assembly plant at Norfolk has gone on two shifts; it means a \$3-million boost in annual payroll. Naumkeag Steam Cotton plans a 200-man mill at Whitney, S. C. Rheem will add 200 workers at Baltimore.

6. Atlanta



The income trend continues sharply upward; department-store sales are among the strongest in the country. Employment is up sharply at Knoxville; the city is now off the distress-areas list. Louisiana employment has taken a turn for the better. Sharply lower cotton acreage, plus weevils, will hurt farm income this fall. Manhattan Shirt Co.'s new plant at Americus, Ga., will employ 800 men. Goodyear has reopened its cotton-tire-fabric plant at Decatur, Ala.; employment is 650. A new infants' clothing plant at Montezuma, Ga., has hired 500. A 150-man soybean mill is planned for Foley, Ala. Westinghouse plans a new 350-man plant at Birmingham.

7. Chicago

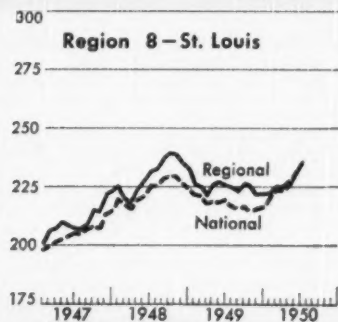
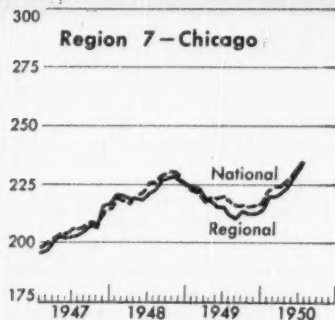
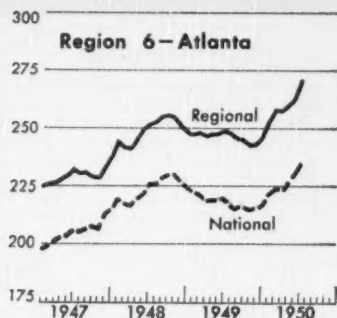
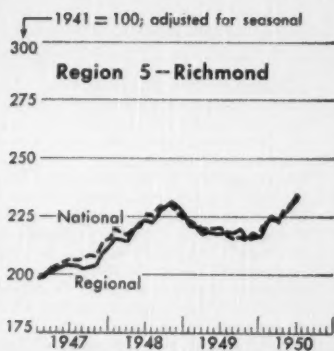


This district, like the Cleveland district, should benefit quickly from new war spending. But unemployment has dropped so quickly, even before military orders start rolling, that manpower may limit the rise in activity. Rising employment has taken Terre Haute and Muskegon off the distress-areas list, while Des Moines and Pontiac have been added to the list of places where labor supply is very tight. The corn belt farmers are in good shape, too. High meat prices make the unexpectedly large corn acreage look like money in the bank. And future prices have been rising on new-crop soybeans with acreage at a record high. Michigan sugar beet farmers are doing well.

8. St. Louis



Income rose less than the national average in June. Most industry has been doing well: shoes in St. Louis, for instance, and tobacco and plywood in Louisville. But farm income has been lagging. Arkansas cotton is very late and the acreage is way down. Weevils are a serious threat in western Tennessee and northern Mississippi. Vacation resorts in Missouri and Arkansas expect record business (in Arkansas, tourist spending is equivalent to 50% of total factory payrolls). Evansville has been added to the list of labor-short areas. General Shoe Corp. plans a 400-man plant at Danville, Ky. A 150-man garment plant is scheduled for Harrodsburg, Ky.



(Continued on page 32)

STOP RUST!



YOU can STOP RUST... PREVENT RUST... on any rustable metal surface with RUST-OLEUM. Every day, rust eats away on your metal tanks, buildings, fences, stairs... everything metal inside and outside your plant. Yet, rust can be stopped and protection given economically with RUST-OLEUM.

For more than a quarter of a century RUST-OLEUM has been proved under severe conditions of weather, fumes, salt air, salt spray, and other rust producing conditions. Railroads, shipyards, builders, refiners... nationally known users* in almost every field of industry... have found RUST-OLEUM the economical way to stop rust and prevent further rust. Architects, builders, engineers, maintenance men now specify RUST-OLEUM for primer, "shop coat", and finish coats.

RUST-OLEUM adds extra life to metal buildings, equipment and other metal surfaces and can be applied over already rusted surfaces without extensive surface preparation. Yet, RUST-OLEUM costs no more than most quality materials.

RUST-OLEUM not only protects—it beautifies as well! RUST-OLEUM is available in a large selection of colors including aluminum and white. It spreads evenly... and dries free of brushmarks in 4 to 12 hours, depending on conditions, to a tough, pliable film that protects against rust.

Be sure you get only genuine RUST-OLEUM for positive protection against rust! Specify RUST-OLEUM to your contractor or architect on any new construction, remodeling or maintenance work.

RUST-OLEUM is stocked and sold by leading industrial distributors in all principal cities of the United States and Canada. See Sweets for complete catalog and nearest source of supply, or write us direct for complete information.

*Names on request



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Evanston, Illinois





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For dependable chain—depend on Campbell.

CAMPBELL CHAIN Company
Main Office—York, Pa.
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For Every Need:
INDUSTRIAL, MARINE,
AUTOMOTIVE, FARM,
SPECIAL PURPOSES

June figures preliminary; May revised

9. Minneapolis

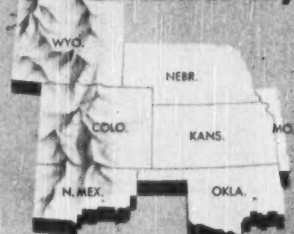


257.6

MONTH AGO 246.5
YEAR AGO 248.4

Income was up sharply in June. Twin Cities department-store sales in recent weeks have been among the strongest in the country. But in rural areas, particularly in North Dakota, they continue to lag. Spring wheat is suffering from lack of moisture in South Dakota. Factory employment in the region's cities is climbing steadily, and some shortages of skilled workers—especially machinists and tool and die workers—are already beginning to appear. In the eastern end of Michigan's Upper Peninsula, employment has risen enough to get the section off the government's list of distress areas. But the rest of the peninsula is still in the doldrums. Montana copper mines still need men.

10. Kansas City



272.6

MONTH AGO 263.6
YEAR AGO 255.4

Income was strong in June. Industrial employment is rising throughout the region. Denver has been added to the list of labor-short areas; Wichita and Omaha are other strong spots. Western Wyoming, where employment has been weak, is showing improvement. Floods this month damaged crops in south-central Nebraska and north-central Kansas. But by and large, the two states' winter wheat yield was good. Colorado farmers expect the slimmest crop and livestock yield in 16 years. Westvaco is building a \$34-million plant at Lawrence, Kan. Ideal Cement will build a new \$1-million kiln at Ada, Okla. Derby Oil plans a new \$2-million cat cracker at Wichita.

11. Dallas



303.2

MONTH AGO 292.1
YEAR AGO 268.5

Income continued its steady advance in June; the level is now triple 1941's. Industrial growth is still the dominant factor: Dallas has joined the list of labor-short areas; National Steel has opened a five-acre plant and warehouse on the Houston ship channel; several synthetic rubber plants have been reactivated; J. M. Huber plans a \$14-million carbon-black plant near Baytown; Sunray is building a big plant at Snyder to liquefy natural gas from the rich new Scurry County oil field. Texas crude oil allowances were again boosted sharply for August. The state's cotton acreage is down 34% this year, and the insect threat is increasing. New Mexico employment continues to rise.

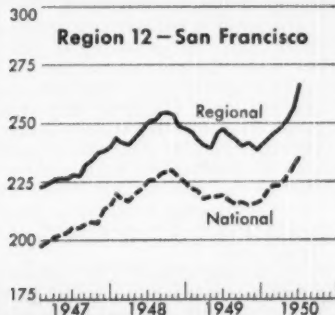
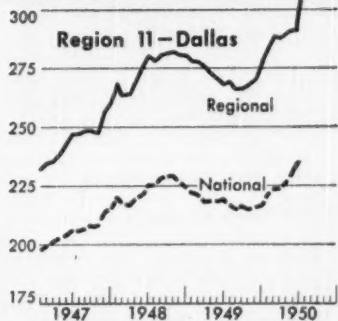
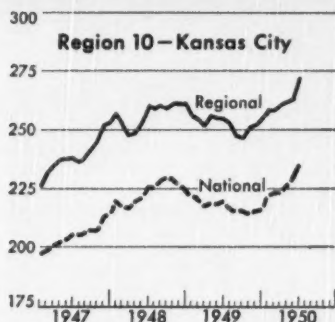
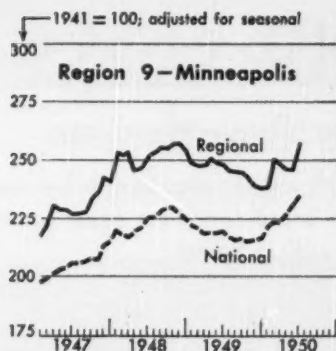
12. San Francisco



264.8

MONTH AGO 258.4
YEAR AGO 248.0

The June rise in income just paralleled the national average. The region was the first to feel the effects of the Korean conflict: The Army and Navy have hired 2,400 new civilian workers in the Bay area alone; Bethlehem's shipyard there added 500; by next month, 3,000 will be working at Tucson on aircraft modification; the Navy shipyard at Bremerton, Wash., has gone on a six-day week; the Kaiser aluminum plants at Spokane are on three shifts. Elsewhere in the region, northwestern fir sawmills are operating at a 20-year peak; Utah copper output continues to rise, and Park City is off the distress-areas list; food-processing employment is at a seasonal peak in California.



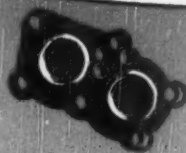
A SIRVENE ? No One Knows



It's the *next* Sirvene product. Yours, perhaps. If it is, you may be sure it will have the exact design characteristics and physical properties you need for your mechanism.

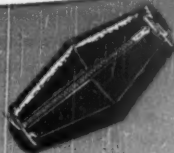
Sirvene parts include diaphragms, boots, gaskets and other mechanical pliables. They are compounded from pure oil-resistant elastomers (synthetic rubbers). Each is an "unknown" until it is developed for a particular application. You determine the need. From the beginning, Sirvene engineers will produce a part having the exact resistance to extreme pressures, temperatures, oil, water, wear, abrasion and other difficult operating conditions present in the application.

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Sirvene molded products are all custom-engineered and custom-built for critical service in aircraft, automotive, and other mechanisms.

SIRVENE
COMPOUNDED SYNTHETIC RUBBER



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**NEW
AND SO
MUCH
BETTER**

Not even we foresaw that our famous 'Load Lifter' electric hoist could be so revolutionarily improved. But creative ideas were born in our engineers' minds, modern metallurgy and engineering design demanded that we change. Slowly, carefully, we embodied all we knew in this different design and out of our endeavors and the experiences of hoist users in hundreds of industries has come the new 'Load Lifter'. Just as tough (perhaps tougher), just as rugged, just as ready to take on clock-round lifting at the minimum operating and maintenance cost with perfect safety for man, machine and load. Let us give you some of the advantages:

- **Helical Gearing**
- **Two-gear Reduction Drive**
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- **One-point Lubrication**
- **Unusual Accessibility**
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- **Entirely New Conception of Motor Brake**
- **Newly Developed Mechanical Load Brake**

• **PUSH BUTTON CONTROL:** Hoist operated by push buttons. Heavy duty contractors and push buttons mechanically interlocked. Only 24 volts at the buttons for greater safety. No exposed wiring anywhere. Send for descriptive circular.



**'LOAD LIFTER'
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**MANNING, MAXWELL & MOORE, INC.
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Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of 'Ashcroft' Gauges, 'Hancock' Valves, 'Consolidated' Safety and Relief Valves, 'American' Industrial and 'Microsen' Electrical Instruments.

MARKETING

Gimbels Pushes Brands

Shift in sales policy will put the heavy promotion on branded instead of off-brand goods. The brand names are easier to sell, despite higher price. This means shift in market.

Gimbel Bros., of New York, has shifted its sales weight. In the past, the big department store has borne down heavily on unbranded promotional merchandise. Now it's putting its weight on the other foot. National brands will come in for the heavy promotion. Instead of putting on big sales pressure for an unbranded shirt, say, they'll be beating the drum for Arrow, Van Heusen, and the like.

• **Long-Term Plan**—This shift really got under way three years ago, when Gimbels was planning a remodeling job for its store. At that time, the off-brands were getting the big play. When officials mapped out their new blueprints, they voted to allot more space to nationally advertised brands of merchandise.

By this week, remodeling on the main floor was well under way. Elsewhere, the new sales policy was already in action.

• **Why Change?**—The new slant may give a quite new character to "Plain Old Gimbels." Why is the store doing it?

The unbranded merchandise and private brands have one big advantage: The retailer can price them more or less as he pleases. That means he can market them more cheaply, use them as "loss leaders" to get customers into the store. If it's an exclusive brand, that also has certain sales value, though the "Gimbels" label probably means more in quality of product than in snob appeal.

But in its long business career, Gimbels has found three main points where the national brands have an edge. They do cost the retailer more—because of the vast advertising and distributing programs of the manufacturer. But the pros of the national brand tend to outweigh those of the smaller or off-brand.

• **Three Big Pros**—First, the consumer knows and accepts the national brands; he is sold before he goes to the store. He sees the brand name every day, in magazines, buses, and on highway display boards. The retailer doesn't have to buy a full-page spread to advertise it; he need only mention that he carries it.

Then the national brands involve less risk for the retailer. Steady in price, steady in quality, they are as sure to sell as the morning paper. Furthermore—though this point has less weight in

a store the size of Gimbels—the retailer may order as much or as little as he wants. In dealing with his own private brand, he must order from the manufacturer in comparatively large quantities to get a low enough price to get the consumer interested. And to buy unknown merchandise in large amounts is always a risky business for the retailer.

The third advantage of the nationally known product shows up in selling time—the actual time from the moment the prospective customer stops at the counter to the moment the salesman wraps up the product and hands it across. During rush hours, any saving in selling time counts for a lot.

The faster a salesman can work his way through a pile-up of shoppers, the more he can sell. A customer will walk up to a nationally advertised product, look at the color and size, and buy it with little further fuss. But if he's buying a brand he never heard of before, he'll hem and haw, study the product from every angle, worry about the quality and the price. If it's shoes he's buying, he may take up only five minutes this way; if it's a piece of luggage, he could waste an hour.

• **Shortage Angle**—Just what the Korean war will do to merchandising, nobody is saying. If goods are scarce, the national brand has this advantage: Customers won't haggle at paying its higher price. But it could work the other way, too. If goods get too tight, the brand-name goods are likely to be snatched up first; then the store—and its customers—will take what they can get and like it.

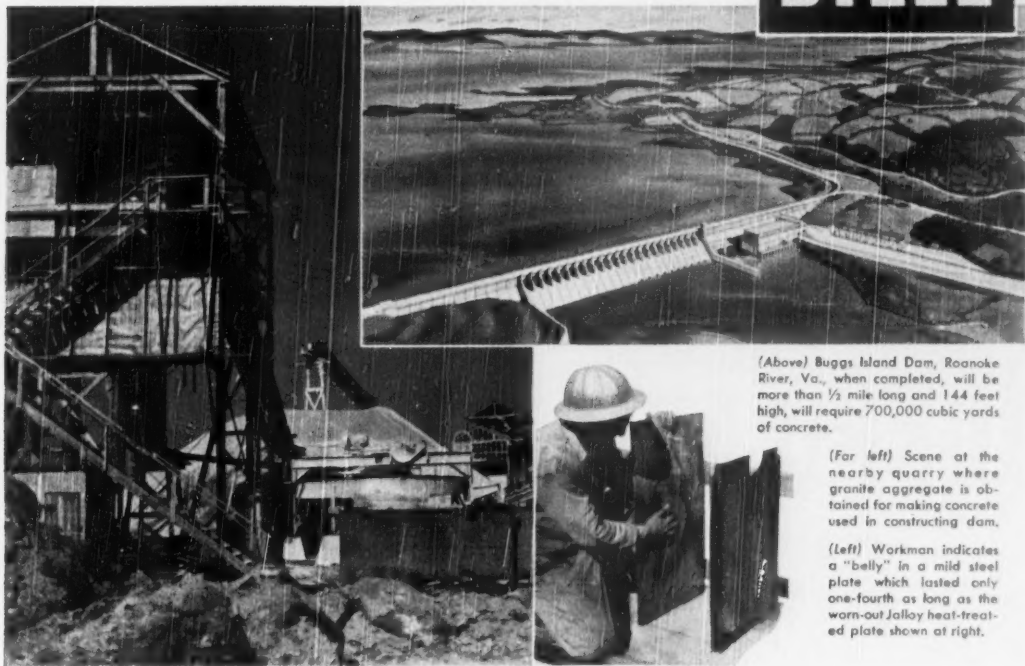
• **New Tone**—Changing the promotional stress is going to work some other changes at Gimbels, too.

One result of Gimbels' concentration on unbranded and private brands before and during the war was that the store earned a reputation as a vigorously promotional store. It had to be; private brands must be thrown at the customer, not just mentioned. They take a special kind of advertising—something of the old "Say that ain't enough? Well, tell you what I'm going to do" flavor. They keep a store busy running sales and bargain days.

In shifting toward the national brands, Gimbels is going to shed some of this character; in a very subtle way,

\$12,500 SAVED in construction equipment maintenance with first 45 tons of Heat-treated **JALLOY STEEL PLATE**

J&L STEEL



(Above) Buggs Island Dam, Roanoke River, Va., when completed, will be more than 1/2 mile long and 144 feet high, will require 700,000 cubic yards of concrete.

(For left) Scene at the nearby quarry where granite aggregate is obtained for making concrete used in constructing dam.

(Left) Workman indicates a "belly" in a mild steel plate which lasted only one-fourth as long as the worn-out Jalloys heat-treated plate shown at right.

JALLOY Heat-Treated Plate lasts 4 to 5 times as long as mild steel in handling crushed stone for Buggs Island Dam

Buggs Island Dam, across the Roanoke River near South Hill, Va., is being constructed by Department of the Army, Corps of Engineers, Norfolk District. Granite is blasted from a quarry three miles from the dam site and crushed into various sizes. In moving and handling this hard abrasive rock, worthwhile savings are being made by using heat-treated JALLOY plate for: Chutes, screening equipment, truck bodies, shovel-dipper teeth and similar materials-handling applications.

At the quarry, operated by Ralph E. Mills and Gorman Bros., Inc., direct comparisons show that heat-treated

JALLOY plate lasts an average of 5 times as long as mild steel. During the first 11 months, approximately 25 tons of JALLOY heat-treated plate were installed at the quarry.

At the dam, Jones-Tompkins-Wright, Contractors, installed approximately 20 tons of heat-treated JALLOY plate during the first 10 months of operations. Here JALLOY lasts on an average of 4 times as long as mild steel.

At both locations, approximately 45 tons of JALLOY heat-treated plate have effected a saving in the cost of steel for maintenance alone of more than \$10,000. Labor savings in man-hours worked by

maintenance crews have been conservatively estimated at more than \$2,500.

Wherever heat-treated JALLOY plate is used to resist abrasion and impact, similar results are being obtained. Little wonder that this manganese moly steel is becoming so popular in materials-handling operations. Let us send you our booklet, "For Longer Wear... Less Repair." It describes how others are saving money with heat-treated JALLOY Steel Plate, The Mining and Quarrying Steel.

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From its own raw materials, J&L manufactures a full line of carbon steel products, as well as certain products in OTISCOLOY and JALLOY (hi-tensile steels).

PRINCIPAL PRODUCTS: HOT ROLLED AND COLD FINISHED BARS AND SHAPES • STRUCTURAL SHAPES • HOT AND COLD ROLLED STRIP AND SHEETS • TUBULAR, WIRE AND TIN MILL PRODUCTS • "PRECISIONBILT" WIRE ROPE • COAL CHEMICALS

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Please send me a copy of: "For Longer Wear... Less Repair—JALLOY—J&L Special Alloy Steel."

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COMPANY _____

ADDRESS _____

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PROVED**



LUBRICANTS, CUTTING OILS AND PROCESS AIDS

In your plant, large investments in machinery ride on a thin film of oil. Failure of this film means catastrophe. Perhaps, too, thousands of man hours can be wasted by an inadequate cutting oil. Or the best of raw materials can become inferior end-products because of a poor process aid. You are assured against such losses when you use Sun "Job Proved" Petroleum Products. Here's why . . .

After a Sun product is developed and tested in the laboratory, it must pass rigid trials in the field before it is put on the market. For Sun knows that laboratory findings can indicate nothing more than probable performance—despite the fact that Sun's research and development facilities are

among the world's finest. Analysis in the field is exhaustive and scientific. In identical equipment, under identical conditions, in regular plant operations, carefully supervised comparison tests are made with the new Sun product and the product regularly used. When these tests prove the new product's worth, then—and only then—is it given the "Job Proved" stamp of approval and offered for sale.

A Sun representative will be glad to show you case histories on the performance of "Job Proved" products *in plants like yours*. Just call or write the nearest Sun Office.

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SUN PETROLEUM PRODUCTS
"JOB PROVED" IN EVERY INDUSTRY



Gimbel Bros. will take on a new flavor.

• **New Market**—Another difference the shift will bring: Gimbel's will turn its spotlight on another side of the market.

A big department store has two kinds of customer. One is the bargain-hunter, the kind who reads an ad about a bargain and rushes to buy it. The other kind is the man or woman who needs something and goes into the store looking for it. This is the customer who would go for the national brand. There are lots of these people outside the Gimbel's store, among the traffic that whirls along Broadway and 33rd Street, and Gimbel's wants to get more of them inside.

• **No Reversal**—Gimbel's isn't going to slough off its private or off-brands completely. It has built up customers for this merchandise, and it wants to keep them. Besides, promotion of unbranded and private-brand goods brings in customers who will pick up the nationally advertised brands, too, while they are about it. So, while Gimbel's is changing direction, it is by no means reversing.

Gimbel's won't say whether it will make the same switch in its stores outside New York. In any event, it would show up less in other stores in its chain; they have always carried a bigger share of national-brand products than the New York store.

EASY-PAYMENT HELICOPTER

Now, if you want to buy a helicopter on time, you can. Stanley Hiller, Jr., president of United Helicopters, Inc., Palo Alto, Calif., has announced a "buy-as-you-fly" plan.

Terms will vary, but Hiller estimates the average down payment at 50%. Amortization and interest payments can be negotiated. For example, if a buyer has a three-year contract to spray orchards, his payments on the helicopter may be arranged to jibe with the contract. The Hiller 360, a basic model, carries a price tag of \$21,400, flyaway Palo Alto.

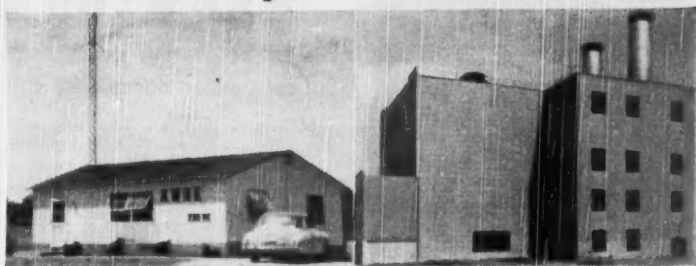
Thanks to a capital reserve built up by increased sales since the first of the year, Hiller's company will handle its own financing. It has formed a new division, Helicopter Acceptance Division, for that purpose.

CUTTING INTO A MARKET

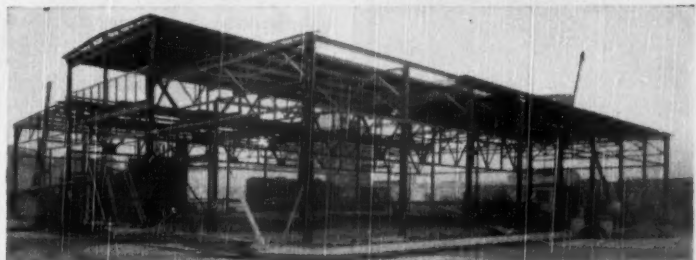
Cory Corp. thinks that the best way to sell a product is to have the prospect try it out. So the company is starting a self-demonstration campaign for its new electric knife sharpener.

Cory dealers will set up a display piece which includes one of the sharpeners. Then they'll send out postcards to prospects, telling them to bring their dull knives in and sharpen them—free, of course—on the Cory machine.

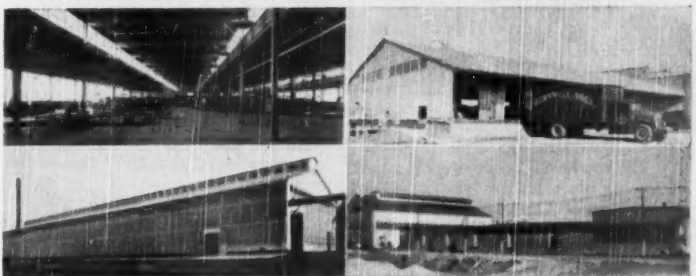
Truscon Ready-Made Steel Buildings



such as these can be purchased and erected at moderate cost...



can be disassembled at low cost...



and re-erected at low cost on any spot you choose...

Truscon "Speed-Erect" Steel Buildings have been saving money for American industry for over 30 years. The problems of space, production or storage are solved quickly, accurately, economically... with these strong, scientifically-designed structures.

Truscon Steel Buildings are available in a wide range of standard designs. They are used for all kinds of industrial and commercial buildings because they offer fire protection, permanence, ease and speed of erection, low upkeep, low cost, high investment value. Truscon Steel Buildings have a high salvage value which permits them to be dismantled and re-erected in an entirely new location at modest expense.

Write and tell us your building requirements. Truscon will be glad to make suggestions and help you select the building that fits your needs, and will cooperate with your local contractors for the speedy erection of these "Any Purpose" Truscon Steel Buildings.

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MOSINEE

"More than Paper."



Do you have a processing or fabricating process involving paper? Does your product require some specific characteristic in paper—perhaps unusual strength, dependable uniformity, resistance to heat, moisture or acids?

True, there are thousands of tons of paper available, but MOSINEE — "more than paper"—is produced only in limited quantity to meet the most exacting requirements.

MOSINEE "paperologists" are available to help you. Write Dept. BW—no obligation to you, of course.

MOSINEE PAPER MILLS CO.
MOSINEE, WISCONSIN
Essential Paper Manufacturers

Dairies Buy Into Supermarkets

California milk producers have been shoring up their outlets by purchasing stores, find they can cut unit costs that way. But competition doesn't like it.

Milk marketing in California—a million-dollar-a-day business, second only to oil—has undergone a subtle change since the war. In the rich Los Angeles market, milk distributors have been shoring up the outlets for their product by buying supermarkets.

• **Convincing Move**—As long as this seemed a purely local phenomenon of the Los Angeles market, nobody paid much attention. But now, Golden State Co., Ltd., the biggest milk producer and distributor in the state, has fallen in step. Recently, Golden State quietly bought a block of stock in two Los Angeles area supermarket chains: Raisin Bros. Markets, with two large stores, and Greater All-American Markets, with two stores and a third under construction. In both, Golden State products naturally get the big push.

• **Warm Up?**—Golden State's move could be merely an aggressive answer to aggressive local competition. But Golden State is a statewide system. Here's the question that troubles the trade: Is this a warmup for a general policy shift that will put Golden State in the grocery business all over the state? Paul Young, Golden State president, says: "No comment."

The answer to the question could curdle the milk of other distributors. With the sharp rise in handling costs, they have found that their chances for

real profit lie in sales to retail stores, not in home deliveries. This is particularly true in population centers that are large enough to support big supermarkets. If a supermarket is taken over by a dairy, the other dairies can kiss that outlet goodbye—at least as far as profits are concerned. They'll still sell some milk there, but the controlling dairy will skim the cream off the profit.

• **Captives**—Both captive dairies (owned by food chains) and captive supermarkets (owned by dairies) are entrenched in Los Angeles.

The Arden Milk Co. has owned the Mayfair supermarkets for years. Lucerne milk, owned by Safeway Stores, is an example of a captive dairy on a broad scale. Two different groups of supermarkets jointly own the Jersey Maid dairy, organized about five years ago, and Golden Creme Farms, set up two years ago. In the markets of their owners, these two brands receive preferential treatment.

• **Deliveries Toboggan**—On the day Golden Creme began operations, the store deliveries of other distributors tobogganed—in one case, from around 3,200 units per truck to around 1,800. That was enough to take the profit out of the business. And in California, the loss of profit on wholesale volume is bitter, because store sales account for about 60% of the total volume of milk



Matchless Matchbooks: A New Ad Medium

Matchless Book Publishing Co., New York, has streamlined the pocket book of matches by entirely eliminating the matches. Instead, Matchless inserts some 60-odd pages telling New Yorkers where to eat and how

much it will cost. The Matchless Guide is now being sold through bookstores, minus advertising. The company hopes to interest advertisers in using it for distribution as a premium-plus-sales-message gimmick.

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OHIO has it!



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Our free plant locating service can help you find the right location in one of the 497 friendly towns we serve. Write in complete confidence for community brochure giving full information about:

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- Available fuels
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THE OHIO POWER COMPANY General Office Industrial Dept. **CANTON 2, OHIO**



Short-circuiting your costs of electricity.

It's a long reach from electricity's sources in coal, oil, and water power to your bathroom socket . . .

but we've helped cut out a lot of the cost.

Modern Worthington machinery—like steam condensers, feedwater deaerators, turbine generators, Diesel and gas engines, water treating equipment and pumps—help produce the power at lowest cost. Other Worthington machines—

used in manufacturing electrical equipment and constructing distribution systems—help to bring you power at lowest cost.

Such is the range of machinery bearing the familiar Worthington "wings" trade mark that you can expect to see it *wherever* living standards are high and living costs are low.

Worthington Pump and Machinery Corporation, Harrison, N. J.

WORTHINGTON



THE SIGN OF VALUE AROUND THE WORLD

sold—in some places, 80% to 90%.

• **Price Differentials**—Historically, the price differential between home-delivered milk and that sold in stores has been no more than 1¢ a quart. In some areas, the state Bureau of Milk Control, which sets all resale minimums, has even eliminated the differential. To food merchandisers (like Safeway) who own dairies, that narrow differential is a burden to consumers. Safeway officials have testified repeatedly that they could show a profit on store prices as much as 2¢ below that of home-delivered milk because of their highly integrated setup, which makes for efficient distribution.

• **Store Unit Costs Down**—As volume has shifted from home delivery to store sales, unit costs of home delivery have gone up and unit costs of store sales have gone down for those who could manage big loads and few truck stops. That accounted for the dairies' growing interest in big outlets.

• **Subterfuge**—It's no secret that some distributors, as a lure to the big retail outlets, have resorted to rebates by subterfuge. The law forbids rebates on milk, but nothing prevents dealers from offering an "attractive" price on other items—say butter, or cottage cheese.

MARKETING BRIEFS

Stromberg-Carlson's price-guarantee program on TV receivers didn't stir the trade much. S-C told distributors it would refund the difference between the price paid and any lower prices S-C might put into effect until December 10. But the trade thinks TV prices will go up rather than down.

Wheaties boxtops will now get you a new kind of premium in some areas. General Mills has arranged with some drive-in theaters to admit motorists who present two boxtops.

Furniture-store sales in June beat the same period last year by 6%, according to the National Retail Furniture Assn. Inventories were up, too, over last June by 5%.

Regional food chains are still going great guns. In the first half of 1950, National Tea Co. boosted sales 9.4% to \$136.9-million. Profits rose, too, hit \$2.2-million. In 1949's first half, they were \$2-million.

British cars are now being sold by Kings Super Markets in Plainfield, N. J. The grocery chain has priced Hillman Minx cars at 72¢ a lb., or \$1,495 per auto. Kings added autos, says Joseph Bildner, president, because of "the trend toward one-stop convenience."

Rugged

STAINLESS STEEL STAYS NEW

YEARS AFTER OTHER TRAILERS ARE COMPLETELY WORN OUT!



Fruehauf Stainless Steel Trailers keep "roaster fresh" coffee rolling for the Fleming Co., Topeka, Kansas.

FRUEHAUF Stainless Steel Trailers are the hard-boiled highway huskies users can load to the limit—up to 4000 lbs. more than conventional units—and roll without let-up *day in and day out*, year after year. Long after other Trailers are completely worn out, Fruehauf Stainless Steel Trailers are still going strong . . . still as sound and tight as the day they were built. The reason: *all their basic structural members are built of the*

world's lightest, strongest structural material — corrosion-resistant Stainless Steel. It's the wonder metal that never needs painting . . . won't rust out. To this day there's no record of a Stainless Steel Trailer *ever having worn out.* That's why it'll pay you to build your hauling fleet on Fruehauf Stainless Steel Trailers. You'll find your first cost is virtually your last. FRUEHAUF TRAILER CO., Detroit 32, Los Angeles 58. In Canada: Weston, Ont.

WHEN YOU BUY FRUEHAUF STAINLESS STEEL, YOU GET ALL THESE IMPORTANT ADVANTAGES!



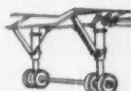
All basic structural members are built of the world's strongest lightweight structural material.



Gravity-Tandem gives better springing, better braking because it employs torsion bars.



"Multi-Rate" Suspension gives better springing from no load to over-load.



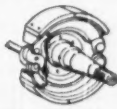
Vertical 2-Speed Supports save time. Aluminum cuts weight up to 135 lbs.



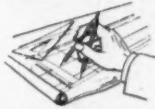
Magnesium floors cut hundreds of pounds of dead weight . . . without sacrificing strength.



Aluminum wheels save up to 107½ lbs. per axle over conventional steel wheels.



Pressed steel brake shoes save 40 lbs. per axle . . . afford smooth stops with heaviest loads.



A full staff of qualified engineers are available to help you with special problems.



Sleek, streamlined styling identifies your operation with the most advanced hauling equipment on the road.



80 Factory Service Branches, coast-to-coast, offer you the best trailer service in the world.

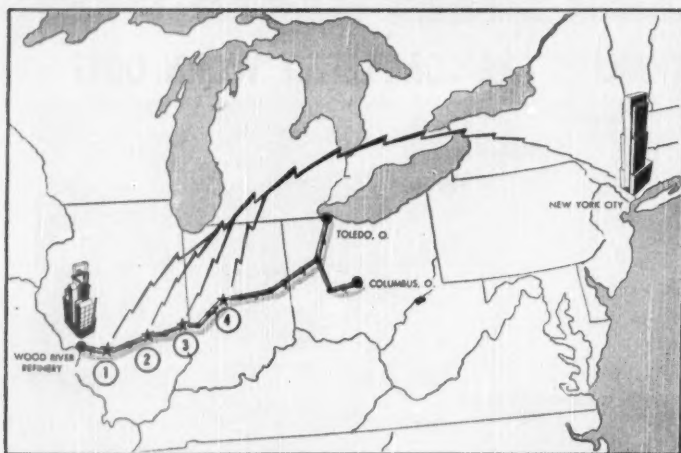
Only

FRUEHAUF

World's Largest Supplier of Trailers

builds STAINLESS STEEL TRAILERS!

PRODUCTION



BY REMOTE CONTROL, Shell Oil Co.'s New York headquarters operates pumping stations on its petroleum products pipeline 850 mi. away. It's a teletype hookup.



DISPATCHER in New York has control of the 450-mi.-long pipeline at his fingertips—literally. He sends orders in code on dial.



CONTROL BOARD in New York shows Shell exactly where each product is on line. Products move through line at about 4 mph.

Pushbuttons Run Pipeline

Pumps and valves on Shell's 450-mi.-long pipeline are remote controlled by teletype from New York headquarters.

Last week, Shell Oil Co. switched on a teletype system at its New York City headquarters that controls the flow of petroleum products through a pipeline 850 mi. away.

• **Dial System**—The pipeline begins at Shell's Wood River (Ill.) refinery and runs through four pumping stations in Illinois and Indiana to two terminal points in Ohio (map, above). It is 450

mi. long. Pumps and valves in the stations are started or stopped, opened or shut, simply by dialing a code number on a dial-equipped teletype machine in New York. Dialing a number into the system can perform as many as five operations at any one of the pumping stations along the line. The intricate control gear and teletype equipment used in the system are a joint development

of General Electric and American Telephone & Telegraph.

• **Traffic Problem**—Unlike a crude-oil pipeline, which carries only a single liquid, Shell's line is equipped to carry up to 22 different petroleum products. That presents some involved problems in traffic control, particularly when several different products are running through the line at the same time. Hence the elaborate control system: to make sure that the right quantity of the right product gets to the right customer at the right time. Since Shell's New York office is the clearing house for orders, it is also the logical place to execute them—by remote control.

• **Operation**—Here's how the system works: Say Shell wants to send a batch of naphtha from its Wood River refinery to a distribution point at the first pumping station along the pipeline. The stretch of pipe between the refinery and the station is already loaded with some other product. In New York, a dispatcher traces the location of the products on a control board that simulates the pipeline (picture, lower right). When the board shows that the product already in the line has reached a desired amount, the dispatcher shuts it off, and turns on the naphtha—by teletype (picture, lower left).

As the naphtha enters the refinery end of the line, it mixes slightly with the preceding product. The contamination that results from the mixture isn't enough to spoil the quality of either product—providing the pressure on the line, and the viscosity of the two liquids are carefully regulated. Shell tries to pipe a product that is similar to the one preceding it.

When the board shows that the naphtha has reached the first pumping station, the dispatcher dials the appropriate code number on the teletype machine to switch it off the main line and into storage tanks at the distribution center. The one coded number starts a lubricating pump, opens an upstream valve, starts the main pump, opens the discharge valve, and opens a valve that brings the pumping station back on the main line.

• **Progress Check**—After a product starts its trip, discharge pressures, suction, and power consumption are recorded in New York by a telemetering system designed by Bailey Instrument Co. Telemeter devices in the pumping stations measure operating conditions, then transmit them to the New York dispatcher by teletype.

The pumping stations aren't completely automatic, though. One man is assigned to each station for standby and maintenance. When manual operation of a station is required, the operator is called to the job by a siren—also controlled by a New York dispatcher at a teletype machine.

*Everybody knows
the "illins"
and the "mycins"*



Thanks to the miracle of mass production, the so-called "wonder" drugs... penicillin, streptomycin, and others of the antibiotics... are familiar names.

Raybestos-Manhattan is proud of its share in making these life-saving drugs available. R/M's share? Preventing corrosion or contamination of the essential extraction and elution tanks... frequently 10,000-20,000 gallons in capacity. Raybestos-Manhattan lines such tanks with rubber, an extremely technical operation involving a degree of skill that can only come from wide experience.

And experience R/M has had. Almost anything that can be shipped, Raybestos-Manhattan can line or cover with rubber. Witness the world's largest plating tank; the tremendous rolls used in making paper; the thousands of miles of chemical pipe with their valves and fittings. If it can't be shipped, R/M will come to you.

But perhaps that is not your problem. You may have a problem that involves brake blocks, or rubber hose, or conveyor, transmission or V-belts, or asbestos textiles and packings, or abrasive wheels, or any one of many, many things.

Whatever your problem, if it has to do with rubber or asbestos, call in an R/M representative. R/M is known the world over for its wide experience and versatility in these fields. Just write to Raybestos-Manhattan, Inc., Passaic, N. J.

RAYBESTOS-MANHATTAN, INC.



Manufacturers of Brake Linings • Brake Blocks • Clutch Facings • Fan Belts • Hose • Mechanical Rubber Products • Rubber Covered Equipment • Asbestos Textiles • Packings • Powdered Metal Products • Abrasive and Diamond Wheels • Grinding Balls

SPECIALISTS IN ASBESTOS and RUBBER PRODUCTS

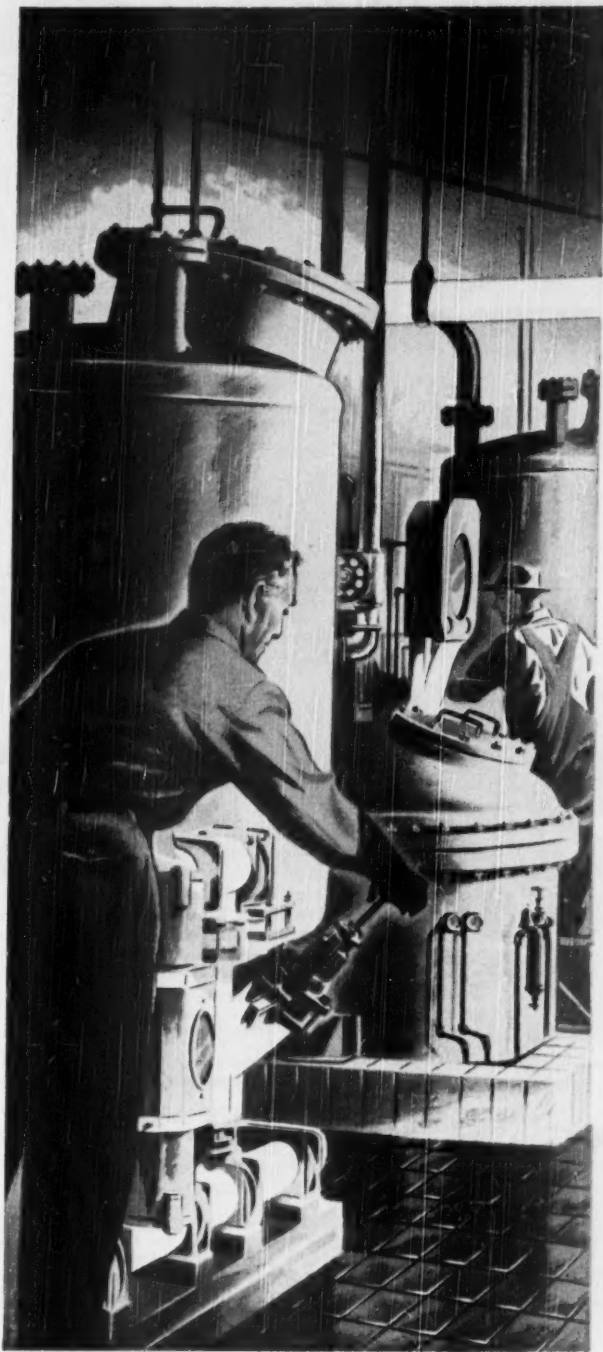
MANUFACTURING DIVISIONS

General Asbestos & Rubber Division
No. Charleston, S.C.

Manhattan Rubber Division
Passaic, N.J.

Raybestos Division
Bridgeport, Conn.

U.S. Asbestos... Grey-Rock Division
Manheim, Pa.



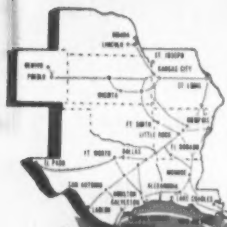
Ride in Style every mile

Low Cost Coach Fares

on
America's Famed

Missouri-Pacific EAGLES

You'll relax as you ride in streamlined comfort aboard MO-PAC's ultra modern Eagles. Hours pass like minutes as you enjoy high speed travel in smartly appointed coaches or luxurious Pullmans. When you go West or Southwest, get there safely, surely, economically—via MO-PAC.



**MISSOURI
PACIFIC
LINES**

The **TEXAS EAGLE** over-night between St. Louis, Memphis and principal cities of Texas. Through sleeping cars between New York, Washington and Texas. Direct connections at San Antonio with the Aztec Eagle to and from Mexico City.

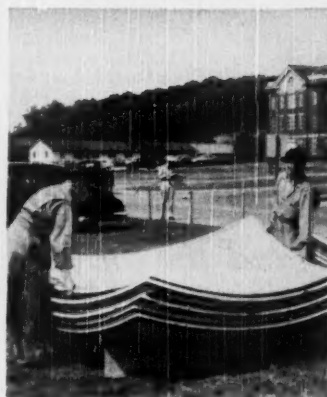
The **COLORADO EAGLE** daily between St. Louis, Kansas City, Wichita and Colorado. Planetarium-observation dome-coaches between St. Louis and Denver daily.

The **MISSOURI RIVER EAGLE** between St. Louis and Kansas City, St. Joseph, Lincoln and Omaha.

The **VALLEY EAGLE** between Houston and Corpus Christi, Brownsville and the Rio Grande Valley.



SERVING THE WEST-SOUTHWEST EMPIRE



THE PEELS, 12 plastic panels, form . . .



THE ORANGE, a 20-man hut.

Plastic Prefab

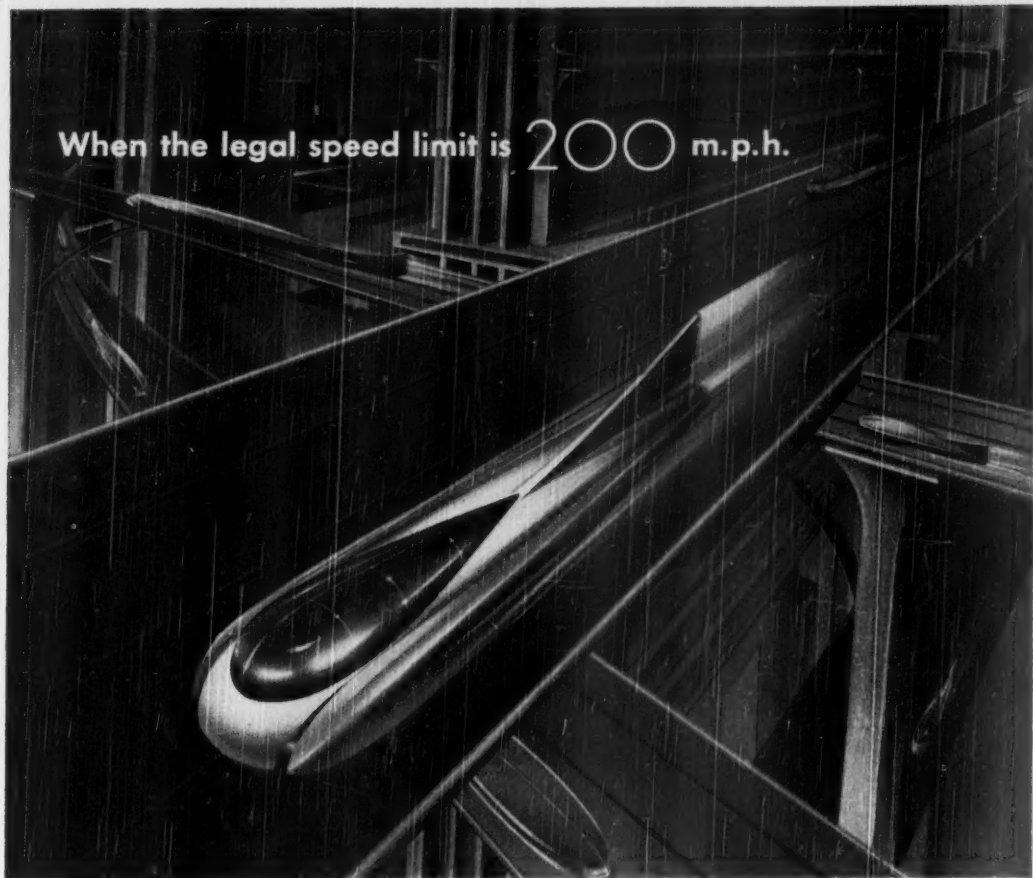
Curved, trapezoid-shaped panels locked in a circle with a dome on top form shelter that is light, rugged, weather-tight.

The latest design in prefabs is like an orange made up by assembling the peels. The designer is East Coast Acronautics, Inc., Mount Vernon, N. Y. The material is a Fiberglas-reinforced plastic developed by Owens-Corning Fiberglas Corp. Twelve trapezoid-shaped panels lock together to form a 20-ft. diameter, dome-like hut.

• **For Military**—It's designed primarily for military personnel and equipment. Each shelter can accommodate 12 men in barracks style or 20 under field conditions. Two of the huts joined together form a shelter large enough to cover a fighter plane.

Exterior walls of the shelter are 4-in.

When the legal speed limit is 200 m.p.h.



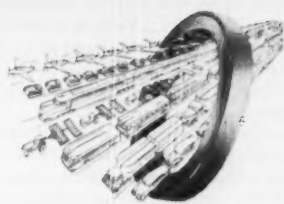
National Oil Seals will protect the bearings

Visualize your product in the world of tomorrow: automobiles for 200 m.p.h. highways?—jet-propelled farm equipment?—or atomic-powered flying machines? Whatever it is, you can be certain that its performance will depend on the efficiency of oil seals. Today, National Oil Seal engineering is looking far ahead with new designs, new sealing member compounds which will permit bearings to operate closer to their peak capabilities. Because of this "years-ahead" research for the machines of tomorrow, National Oil Seals provide "years-ahead" performance for your products of today. We welcome tough sealing problems. May we help you?

NATIONAL MOTOR BEARING CO., Inc.

General Offices: Redwood City, California
Plants: Redwood City, Calif.; Downey (Los Angeles County), Calif.; Van Wert, Ohio

Original equipment for all cars, trucks, busses,
tractors—in fact, wherever shafts turn



DO YOU OWN A CAR OR A FLEET OF CARS?

Oil seals are usually damaged when removed for bearing inspection or repacking with grease. For safety, longer life and better performance, make sure your mechanic installs a new seal every time one is removed. Typical example: when you have your car lubricated, front wheels repacked. Make sure, too, that you get genuine parts for your make of car or fleet of trucks.



*A Longer Day
for Work or Play*

APPLETON FLOODLIGHTS

A boom in night recreation begins with every sunset. For the beaches, parks and playgrounds where America relaxes, as well as the hundreds of industries serving the nation round-the-clock, Appleton fixtures provide the finest in floodlighting.

Products of nearly half a century of experience and unequalled manufacturing facilities, Appleton Floodlights are models of mechanical simplicity—easily wired, easily installed, easily serviced. All types have rugged,

weather-resistant finish. All are available for pole, bracket, or crossarm mounting.

Appleton Lighting Fixtures are available in the exact type and size for every industrial requirement—including hazardous locations—whether indoors or out. Appleton's skilled illuminating engineers are ready to help you solve your specific lighting problems. For the finest in lighting equipment, specify Appleton—Standard for Better Lighting.

Sold Through Electrical Wholesalers

APPLETON ELECTRIC COMPANY
1750 Wellington Avenue • Chicago 13, Illinois
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APPLETON
CONDUIT FITTINGS • LIGHTING EQUIPMENT • OUTLET AND
SWITCH BOXES • EXPLOSION-PROOF FITTINGS • REELITES

thick. Each section is crisscrossed with stiffener ribs. The finish, permanently pigmented in white, doesn't need additional paint for protection.

• **All-Weather**—East Coast Aeronautic's hut has many features that appeal to the military. The Fiberglas-plastic construction offers light weight, high strength, and endurance, regardless of weather conditions. The panel seams are sealed with Neoprene gaskets that stay flexible in arctic-to-tropic climates.

The interior is designed for installation of ventilation, heating, and cooling equipment. Shatterproof windows and screens come with the unit.

Separator System Keeps Waste Out of Stream

When western Pennsylvania's stream-pollution program got under way, Pittsburgh Plate Glass Co. was stuck with a daily waste output of hundreds of tons of abrasives—a mixture of glass, sand, emery, and plaster.

The abrasives were a byproduct of grinding and polishing operations at the company's glass-making plant. Ordinarily, the leftovers were dumped into the Allegheny River. But state legislation finally hit that in the head.

• **Separation**—So Pittsburgh Plate engineers got together with Rust Engineering Co. and Dravo Corp. The scheme that they worked out put clear water into the river, pumped the abrasive solids into a specially built lagoon located a mile inland from the plant. To separate the two, a thickener machine was installed in the plant to do the job.

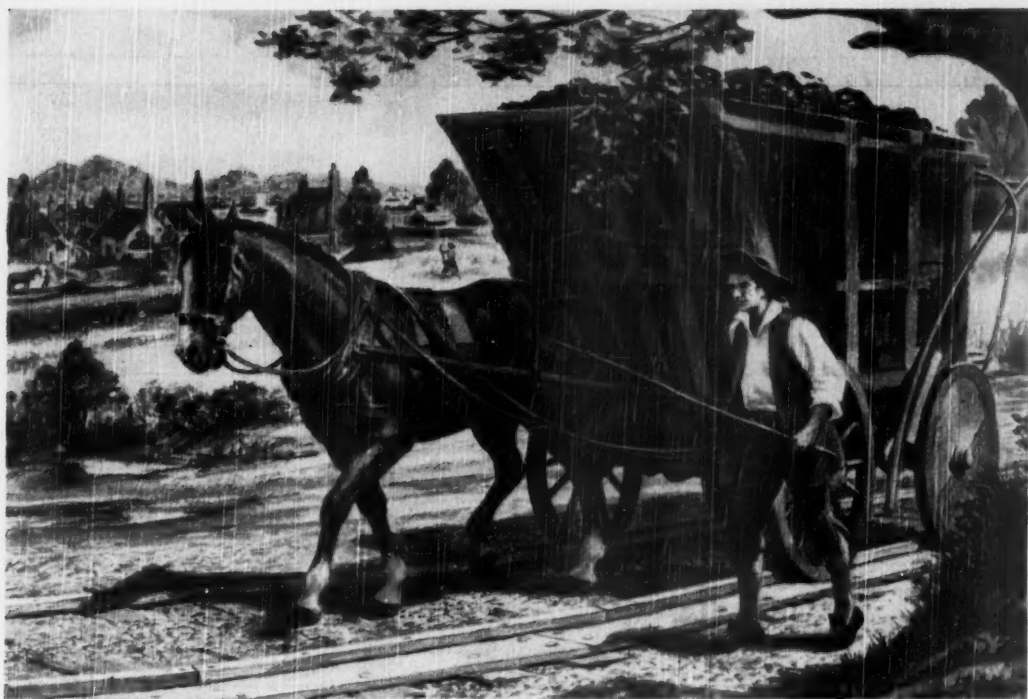
The biggest problem of planning the disposal system was combatting the abrasive action of the waste. With ordinary equipment, the waste would wear on the pipes and machine parts. So Dravo equipped the system with rubber-lined pumps. Where clearances between moving parts were wide enough to let the waste seep through, the parts were backed up with a water pressure slightly greater than the internal pressure of the pump. That way, the pressurized water prevented the abrasives from leaking through.

In case of mechanical failures, each pump is duplicated by another. If one breaks down, the other is switched on to prevent the waste from backing up in the line and ruining the equipment.

WESTINGHOUSE WASHDAY

Washing clothes is a science—not a Monday morning job—for engineers at Westinghouse Electric Co.'s Appliance Division. The company has set up a washability lab that scientifically checks performance of its automatic washers.

The first step in the washer check is

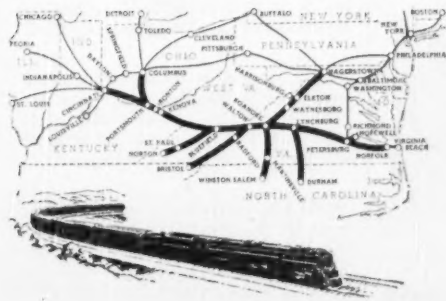


It's a Long Way FROM WAGON-WAY TO ROADBED . . .

Today's modern, scientifically built and maintained railway roadbed has as its humble ancestor the wagon-way, used in the British Isles during the 16th-18th centuries. At first, wagon-ways were planks laid as tracks to prevent cartwheels from sinking into the earth. Later, planks were joined in continuous strips . . . "cross-ties" were laid to keep them evenly spaced . . . planktops were covered with iron to prevent wear . . . iron wheels replaced the easily-worn wooden ones, and flanges were turned up on the outside edges of the "rails" to prevent wheels from slipping off the "track."

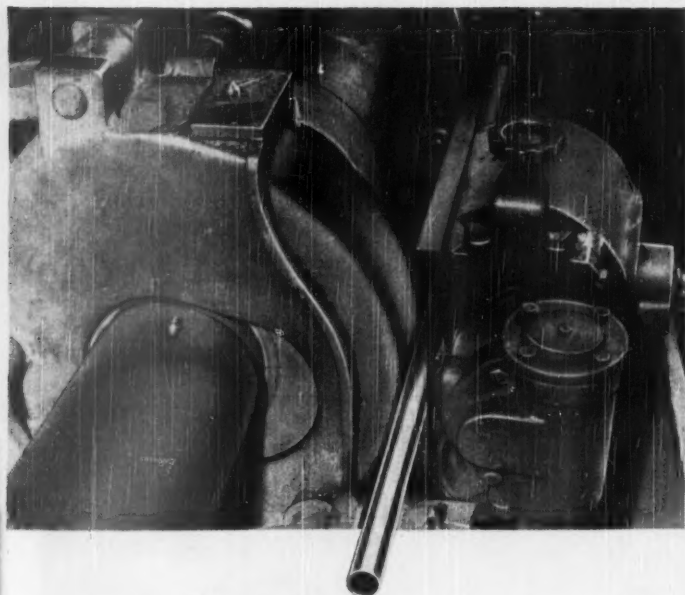
One of the most important factors in Norfolk and Western *Precision Transportation* is the N. & W.'s excellent roadbed. Heavy steel rails — weighing 130 and 131 pounds to the yard — are used over the system. They are supported by solid, chemically treated cross-ties and ballast of top-grade crushed limestone. Every emphasis is placed on perfect drainage, with deep ditching for sub-drainage. Gyro cars — "mechanical brains" — are used to assure faultless rail joints, track alignment, track surface and cross levelling or super-elevation. Closest vigilance is maintained over right-of-way and road-crossings.

This thorough-going, consistent maintenance of N. & W. roadbed at near perfection is reflected in increased safety and for fast schedules for the heaviest loads. This railroad's roadbed is one of the reasons why shippers have learned to depend on *Precision Transportation*, the N. & W.'s own brand of rail service.



Norfolk and Western RAILWAY

PRECISION TRANSPORTATION



Fascuts give blemishes the brush automatically ...outlast former brushes 3 to 1

SURFACE imperfections . . . those minute blemishes and scratches that become magnified after plating to mar the finish on tubing . . . are here being removed automatically by Osborn Power Brushing. The resulting surface uniformity cuts hand finishing after plating to lower manufacturing costs.

In Osborn's constant search for applying the *right brush to the right job*, an Osborn Brushing Analysis showed that the surface of the tubing could be further refined on this operation and brush life increased by changing over to Osborn Fascut® Brushes. Performance records bear out the OBA recommendations. In addition to less hand finishing now required after plating, Osborn Fascuts are outlasting other brushes formerly used by more than 3 to 1.

Undoubtedly, an Osborn Brushing Analyst can help you on prob-

lems of cleaning, finishing and polishing. It is his job to improve the quality of your products and cut your costs through brushing. His services, backed by Osborn's extensive technical facilities, are yours for the asking. He'll gladly demonstrate how you, too, can profit by new Osborn techniques. Ask today for an **OBA! The Osborn Manufacturing Company, Dept. 302, 5401 Hamilton Avenue, Cleveland 14, Ohio.**

YOU CAN IMPROVE FINISH AND CUT COSTS BY BRUSHING



LOOK FOR THE NAME



RECOGNIZED EVERYWHERE FOR
THOROUGH APPLICATION ENGINEERING

to get the test fabric uniformly and completely dirty. The cloth is dipped into a solution of oils, carbons, and tallow—a mixture that never can be entirely washed out.

Then the soaps and synthetic detergents are tested. If the engineers know the cleansing ability of a soap or detergent, they can gauge the soil-removing qualities of a washer.

Finally, the super-soiled clothes are divided into batches and put into the test washers. The machines can simulate all types of water conditions, varying hardness, temperatures, and pressures.

The test material is examined under a reflectometer after laundering. The device measures the amount of light that a fabric will reflect. The strength of the reflected light indicates the whiteness or cleanliness of the fabric.

How well does the washer rinse? Engineers find out that by burning the test clothes in a crucible. What remains after burning is unrinsed soap. A difference of as little as 1/1000 oz. between a washed and unwashed sample puts the engineers on the job to find out why the washed sample was so heavy.

PRODUCTION BRIEFS

Pennsylvania Salt Mfg. Co. is boosting production of its benzene hexachloride by about 45%. The chemical is a basic material for insecticides.

Butane-powered buses are being studied in Philadelphia by Public Service Interstate Transportation Co. Special equipment will convert two buses for butane, a liquefied gas.

Two standards on metal powders have been published by the Metal Powder Assoc., 420 Lexington Ave., New York 17. One is a glossary of terms used in the industry. The other describes tension tests for pressed and sintered metal products.

Continental Foundry & Machine Co. has gone into commercial welding to supplement its steel foundry production.

Television mirrors developed by Westinghouse Research Lab reflect only one color. Clear glass is coated with ultra-thin metallic compounds to make it sensitive to red, green, or blue.

Stabilizing fins for rough seas are getting their first big-ship tryout on the 24,000-ton Chusan, a British liner. The fins, mounted on the side of the hull, are controlled gyroscopically to check the rolls.

Where Precision Counts

Sharon Stainless Does a Better Job

Where extreme accuracy is required manufacturers demand uniformity of material.

Sharon's ability to produce Stainless Steels conforming exactly to customer's requirements — year in and year out — is the one big reason why Sharon tops the list as a leading producer of Stainless Steel for precision parts.

If you are thinking of Stainless — think of Sharon, pioneer and prime producer of fine steels for 50 years.



SHARON STEEL CORPORATION
Sharon, Pennsylvania

PRINCIPAL COMPANIES OF SHARON STEEL CORPORATION: THE NILES ROLLING MILL COMPANY, NILES, OHIO; DETROIT TUBE AND STEEL DIVISION, DETROIT, MICHIGAN; BRANARD STEEL COMPANY, WARREN, OHIO; SHARONSTEEL PRODUCTS COMPANY, DETROIT, MICHIGAN; AND MARSHALL, PENNA.; CARBONSTEEL TOWN COAL & COKE CO., MT. PLEASANT, PENNA.; FAIRMONT COKE WORKS, FAIRMONT, W. VA.; MORRISTOWN COKE WORKS, MORRISTOWN, W. VA.; JOHNS COAL COMPANY, RACHEL, W. VA.

DISTRICT SALES OFFICES: CHICAGO, ILL.; CINCINNATI, O.; CLEVELAND, O.; DAYTON, O.; DETROIT, MICH.; INDIANAPOLIS, IND.; MILWAUKEE, WIS.; NEW YORK, N. Y.; PHILADELPHIA, PENNA.; ROCHESTER, N. Y.; LOS ANGELES, CALIF.; SAN FRANCISCO, CALIF.; ST. LOUIS, MO.; MONTREAL, QUE.; TORONTO, ONT.

It's Harder Than Ever To Get Away With Speeding



Now radar is helping to reduce speeding. As a car flashes by, the police officer glances at an instrument and reads the offender's precise speed. He radios another patrol car down the highway and the violator is flagged to a stop—with indisputable evidence and without a dangerous chase.

Like Most Automobile Radios, the Radar Speed Meter Is Powered with a Mallory Vibrator

A new application of war-born radar—originally tested by the Connecticut State Police and now in use in several states—is helping to make the highways safer. Conspicuous posting of "Radar Speed Control Zones" is automatically reducing speeds to safer levels.

Like your automobile radio, the Electromatic Speed Meter owes its compact size and much of its dependable operation to a Mallory Vibrator, a device which must operate with absolute precision at a pulse of 115 strokes per second—a challenging problem for economical volume production. Mallory pioneered the first commercial production of vibrators and now provides more of them for assembly in mobile

radios than all other manufacturers combined.

Just as Mallory precision components contributed to the development of standard broadcasting and mobile communication systems... Mallory products are now playing an important part in the refinement of radar, television equipment and other new developments in the ever-broadening field of electronics.

Mallory's unique combination of imagination, creative engineering and precision production facilities has earned the respect of many industries depending upon products of electronics, electro-chemistry and metallurgy. This experience is available to any manufacturer interested in turning out a better product at a lower cost.

MALLORY

SERVING INDUSTRY with Capacitors • Contacts • Controls •
Rectifiers • Switches • Vibrators • Power Supplies •
Resistance Welding Materials • Special Non-Ferrous Alloys
Mallory Dry Batteries, The Original Mercury Batteries

P. R. MALLORY & CO., Inc., INDIANAPOLIS 6, INDIANA

NEW PRODUCTS



Underwater Truck

Army's Eager Beaver keeps moving in water 7 ft. deep.

As reports of impassable roads, bridgeless rivers, and heavy rains started to come in from Korea last week, the wraps were taken off the Eager Beaver. That's an Army Ordnance 2½-ton truck that can be operated in as much as seven feet of water.

Built by Reo Motors, Inc., Lansing, Mich., and officially designated the M-34, the truck has been under test for several weeks at the Aberdeen Proving Grounds.

• **Hard Worker**—The Eager Beaver can: (1) carry a five-ton payload on a highway at 60 mph.; (2) take that load up a 60% grade; (3) maintain a speed of 30 mph. on a constant grade of 3.8%; (4) cruise for 340 miles at 35 mph.; (5) carry a 2½-ton payload cross-country (off the highway).

The truck can operate at temperatures ranging from 65 degrees below zero to 125 degrees above. It has a greater interchangeability of parts than any previous military truck of its kind, its maker says.

• **Piped for Water**—For underwater travel, the Eager Beaver is equipped with two extension pipes that project above the surface. One, the "snorkel," is for air intake; the other, the "snorter," is for exhaust. All the driver has to do is keep his foot on the gas, hands on the wheel, head above water—and the truck will go as if it were on dry land.

The Eager Beaver is a 6 x 6 truck (direct power to all six wheels) with a

154-in. wheelbase. Its 331-cu.-in. engine has a compression ratio of 6.73 to 1 for operation on 80-octane gasoline. The six-cylinder, overhead-valve powerplant develops 145 hp. at 3,400 rpm., has a maximum torque of 270 ft. lbs. at 1,400 rpm. The engine is of the "square" type, with a 4½-in. bore and stroke, and incorporates removable "wet sleeve" cylinders.

RAIN CHASER FOR PILOTS

Rain as a threat to air pilots' vision may be licked by FC-10. This is a repellent developed by Canada's National Research Council and manufactured by Fiberglas Canada Ltd. It coats windshields with a film that prevents rain from sticking to the surface. It discourages dust, oil, and sea water, too.

According to Research Council tests, when you apply FC-10 to glass, plastics, or fused quartz, you improve vision at least 80%. The repellent is said to be stable under all conditions, nonpoisonous, noncorrosive, and nonirritating.

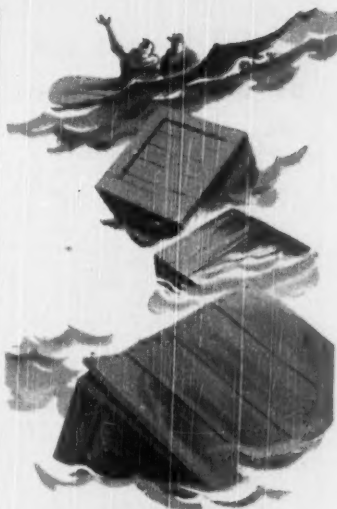
Enough comes in a 4-lb. kit to treat 10 average-size windows; the effect lasts for weeks.

• **Source:** Fiberglas Canada Ltd., Toronto.



For Four Hands or Two

Unscrew the right-hand steering column in this car and you have what appears to be a conventional convertible. Auxiliary Drive Equipment Corp., 910 17th St., N.W., Washington, D. C., sells this set of controls complete for around \$325. It's designed for people who want a dual-control car for business—teaching driving, say—and a regular single drive for off-hours.



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No matter! If it's insured through the Marine Office of America, your interests are soundly protected!

Marine Office handling is sound—because decades of experience have made the Marine Office a skilled, outstanding leader in this specialized field.

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Ship in security! Ask your agent or broker about Cargo Insurance through the Marine Office of America!

These are the great member companies of the

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- * AMERICAN EAGLE FIRE INSURANCE COMPANY
- * THE CONTINENTAL INSURANCE COMPANY
- * FIDELITY-PHENIX FIRE INSURANCE COMPANY
- * FIREMEN'S INSURANCE COMPANY
- * GLENS FALLS INSURANCE COMPANY
- * THE HANOVER FIRE INSURANCE COMPANY

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There are two fast, easy ways of turning alloy puzzles into success stories. If you have a special query, drop it into the mail—addressed to Riverside. If your problem involves quick delivery of standard alloys, have a personal talk with our District Office or Warehouse representative. There's sure to be one near you, for Riverside outposts are located strategically throughout the nation.

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 Atlanta, Georgia
 R. J. LEAHY COMPANY
 San Francisco, Cal.
 Office: Los Angeles, Cal.
 ALASKAN COPPER & BRASS CO.
 Seattle, Wash.
 METAL GOODS CORPORATION
 St. Louis, Mo.
 New Orleans, La.
 Houston, Tex.
 Dallas, Tex.
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 Mobile, Ala.
 Baton Rouge, La.
 Beaumont, Tex.
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FINANCE

A 13-Month Look at Investment Trusts

	Net Asset Value Per Share*		Dividends		Gain		Returns**	
	Mid-June 1949	Mid-July 1950	From Security Profits	From In- vestment Income	In Net Asset Value	From In- vestment Profits	From In- vestment Income	
Affiliated Fund ¹	\$3.31	\$4.19	.....	\$0.28	26.6%	.....	8.46%
American Business Shares ²	3.41	3.87	.....	0.19	13.5	.....	5.57
Axe-Houghton Fund ²	6.10	8.31	\$0.07	0.34	36.2	1.15%	5.57	
Boston Fund ¹	18.18	20.67	0.30	0.88	13.7	1.65	4.84	
Broad Street Investing ¹	13.91	16.56	.....	0.93	19.1	.....	6.69
Bullock Fund ¹	14.68	19.36	0.08	0.92	31.9	0.54	6.27	
Commonwealth Investment ²	5.01	5.72	0.04	0.26	14.2	0.80	5.19	
Dividend Shares ¹	1.28	1.51	0.01	0.07	18.0	0.78	5.47	
Eaton & Howard Balanced Fund ² ...	23.12	26.87	.....	1.20	16.2	.....	5.19
Fidelity Fund ¹	21.10	26.72	0.15	1.45	26.6	0.71	6.87	
Fundamental Investors ¹	11.99	15.04	0.09	0.70	25.4	0.75	5.84	
Group Sec. Fully Admstr. Shares ² ...	6.37	7.19	.....	0.34	12.9	.....	5.34
Incorporated Investors ²	17.91	23.75	.....	1.32	32.6	.....	7.37
Investors Management Fund ¹	11.85	14.66	0.22	0.72	23.7	1.86	6.08	
Keystone Good-Grade Comm. Fund ¹	12.28	14.28	.....	0.89	16.3	.....	7.25
Keystone Low-Price Comm. Fund ¹ ...	3.73	4.91	.....	0.25	31.6	.....	6.70
Knickerbocker Fund ¹	4.00	4.98	0.13	0.24	24.5	3.25	6.00	
Loomis-Sayles Second Fund ¹	43.12	47.32	2.35	1.40	9.7	5.45	3.25	
Mass. Investors Trust ¹	22.88	27.98	.....	1.50	22.3	.....	6.56
National Investors ¹	7.53	9.21	0.13	0.42	22.3	1.73	5.58	
Nat'l. Securities Income Stk. Fd. ² ...	3.66	4.32	0.04	0.27	18.0	1.09	7.38	
Nation-Wide Securities ²	12.23	13.86	0.03	0.67	13.3	0.25	5.48	
George Putnam Fund ²	13.60	15.66	0.11	0.69	15.1	0.81	5.07	
United Income Fund ¹	8.11	9.91	0.04	0.61	22.2	0.49	7.52	
Wellington Fund ²	16.04	17.70	0.22	0.78	10.3	1.37	4.86	

* Based on bid price, which approximates net asset value. ** Based on mid-June, 1949 net asset values. ¹ Funds with holdings predominantly common stocks. ² Funds with diversified portfolios containing bonds and/or preferred and common stocks.

How Did Trusts Make Out?

Their record during the bull market and the Korean collapse shows wide variations. Some are doing fine, others not too well. But net sales may not reach 1949's level.

There isn't any standard yardstick for rating the performance of the open-end investment trusts. About the best you can do is look at their records and figure out whether you could have done as well or better playing the market yourself.

A lot of people have been giving the open-end trusts this kind of second look lately. They want to know how the trusts made out in the 12 months of the 1949-50 bull market—and in the quick collapse that followed the Korean crisis.

• **Variations**—But you have to remember that different trusts have different investment objectives. Some shoot for earnings; some for capital appreciation. Hence, you can expect the individual trusts to show wide variations in any major market move.

And wide variations are exactly what

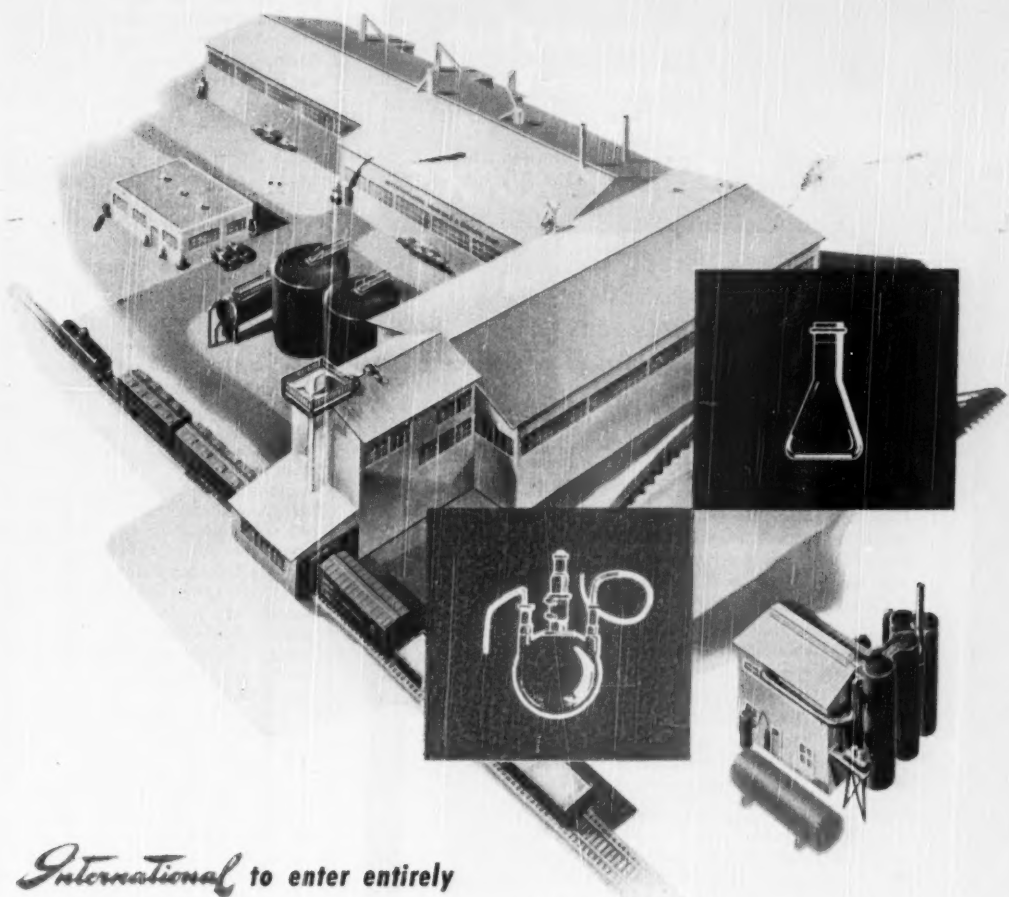
you get if you take a look at the trusts' records for the past 13 months (table, above).

Capital appreciation during the period has ranged from increases of more than 30% in some cases to as little as 12.9% in others. Per share yield has varied almost as much. Figured on asset value, it ranges from as little as 34% up to 74%.

The big spill that followed Korea hit each trust differently. With some trusts, asset values have fallen off only 2% to 5%. Others show declines up to 14%.

• **Different Targets**—Quality of management accounts for part of the variation. Some trusts are shrewdly managed; some aren't.

But differences in the basic objectives of the trusts are probably the main reason why their performance in



***International* to enter entirely
new field, the manufacture of Phosphate Chemicals**

International, for many years the nation's major producer of phosphates for industrial chemical and agricultural uses, is now entering an entirely new field—the manufacture of phosphate chemicals.

A large new chemical plant is to be built near Bartow, Florida, in an expansion and development program under way at *International's* Florida phosphate operations.

Completely new processes developed by *International's* research organization will be used for the production of its chemicals.

High grade dicalcium phosphate for industrial chemicals and animal feeds and a new high analysis multiple superphosphate will be produced at the new Florida chemical operations.

Now with its new chemical manufacturing plant, *International* will have greatly expanded facilities for further diversification of its business and for increased production of its minerals and chemicals which serve industry and agriculture.



INTERNATIONAL MINERALS & CHEMICAL CORPORATION

GENERAL OFFICES: 20 NORTH WACKER DRIVE, CHICAGO 6



New MAYTAG Automatic Washer Plant Uses 14 **BAKER TRUCKS**

**From receiving of raw materials to shipping
of finished washers BAKER FORK TRUCKS
play a vital role in keeping costs to a minimum**

The new Maytag Automatic Washer plant at Newton, Iowa was designed to provide the most efficient movement and handling of materials. 14 Baker Fork Trucks play an important role.

For Example:

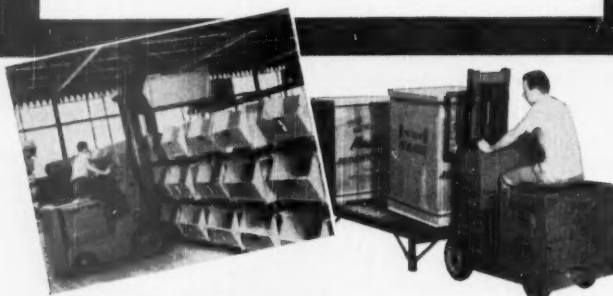
Handling coils of steel strip weighing from 7,000 to 10,000 pounds (top illustration) with a Baker Heavy Duty Fork Truck has made it practical to buy steel in full-width coils and slit them to required widths in their own plant.

Machined parts are received and stored in special parts bins—designed for easy access and visibility, and for safe high tiering due to built-in skids for handling with fork trucks. (See left, below).

Diecast metal is received in bundles of pigs, bound with steel strap in a manner to permit unloading and tiering with Baker 4,000 pound fork trucks without the use of skid platforms or pallets.

One operator with a Baker (light-weight, low-cost) Fork Truck loads cars with 80 to 100 finished machines in the time it would take four men with hand trucks to do the job. (See right, below).

Our material handling engineers are available for planning comparable savings in your plant.



BAKER INDUSTRIAL TRUCK DIVISION
of The Baker-Raulang Company

1204 West 80th Street

Cleveland 2, Ohio

In Canada: Railway & Power Engineering Corporation, Ltd.

Baker INDUSTRIAL TRUCKS

the past year has ranged all over the lot.

Some are out for quick "high percentage" capital gains. Their portfolios are generally loaded with low-priced speculative issues. They are big winners in a market advance, big losers in a drop. Others are more interested in price stability and safety. These are heavy in blue chips. They show smaller changes both up and down.

Still others are chiefly interested in long-range growth and are willing to pass up immediate dividends and capital gains. They go in heavily for low-yielding growth stocks. Then there are some trusts that hold preferred stocks and bonds either in combination with commons or instead of commons.

That's why you can't make any general statements about trusts. That's also the reason you don't get anywhere when you try to match up their performance with any of the well-known stock price averages. They're all different, so you have to consider them individually.

• **Extra Costs**—And when you compare your own judgment with a trust you have to consider a couple of other factors, too. In the first place, there's the loading charge you pay when you buy a trust share. Then there are the operating costs that are deducted from the trust's earnings before you receive your dividend.

Plenty of Wall Streeters aren't convinced that investment trusts give all the answers to investment problems. They say that no matter how well a trust is operated, it is still subject to sharp market fluctuations. They figure that when the pressure is on, an individual trader can move faster to protect his holdings than a trust can. Besides, they say, even the best trust managers make mistakes.

By and large, investment trusts in general have done a lot better than their early critics predicted. By the same token, they have done a lot worse than some of their salesmen promised.

• **Net Sales Slump**—A pretty good indication of trust acceptance by investors is net sales of trust shares. Take gross sales, deduct redemptions of outstanding shares, and you get net sales.

In 1949, net sales hit a record-breaking \$278-million. Trust men predicted that they would go way over \$300-million this year. Some even talked about \$350-million.

But if things keep going at present rates this year, the trusters will be lucky if net sales even reach the 1949 total. Gross sales have dwindled sharply. And the redemption rate has been climbing even faster.

• **Narrowing Margin**—In the first half of this year, gross sales ran only 17% ahead of the last half of 1949. But redemptions were more than twice as high as they were the year before. So

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FROM COAST
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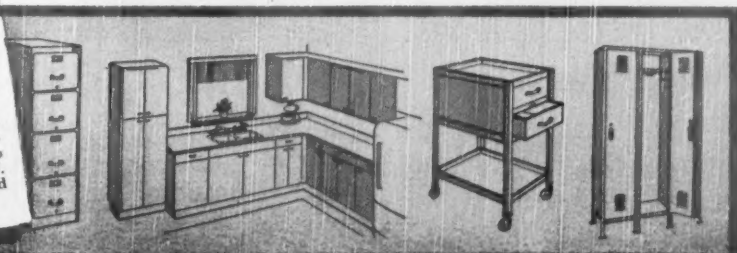
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| • Lockers | • Display Equipment | • Cabinet Benches | • Bench Drawers | • Shop Boxes | • Service Carts | • Tool Trays |
| • Wood Working Benches | • Hanging Cabinets | • Folding Chairs | • Work Benches | • Bar Racks | • Hopper Bins | • Desks |
| • Economy Locker Racks | • Welding Benches | • Drawing Tables | • Drawer Units | • Bin Units | • Parts Cases | • Stools |
| | | | | | | • Sorting Files |
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One of our clients desires to diversify its manufacturing operations. We believe there are a number of medium size enterprises in this country that have growth possibilities but lack the necessary resources either in capital or production facilities to realize their opportunities. While

we desire to locate such companies with a net worth of around \$5 million dollars, we would also be interested in companies with growth possibilities and net worth as low as \$500,000.

Our client, a nationally known corporation, has ample financial resources; a large amount of available floor space located in the middle west, in modern factory buildings with ample general-purpose manufacturing facilities.

We will be glad to hear from anyone who is interested in such a combination. Any communications addressed to us in this matter will be held in confidence, if desired.

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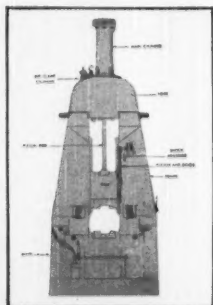
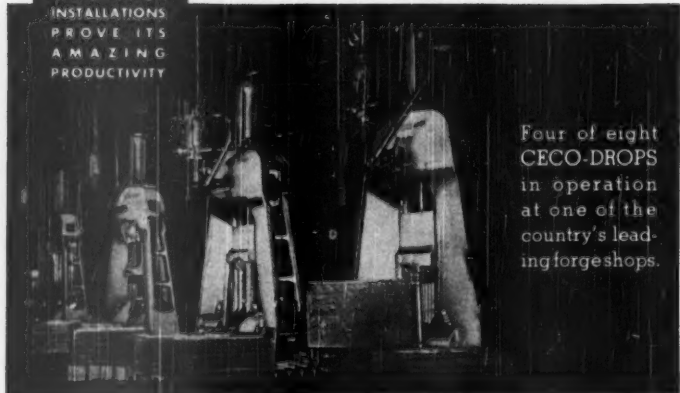
No Boards • No Front Rod • No Back Rod

This hammer is setting new records in cutting forging costs and in increasing production.

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PROVE ITS
AMAZING
PRODUCTIVITY



net sales are now running about 21% behind their level in the last six months of 1949.

The redemption rate has been rising steadily in the past year. In the last half of 1949, it was 27%. During the first quarter of 1950, it was up to 40%, and in the second quarter, it hit 64%.

If shareholders keep cashing them in at the rate they have since Korea, the total of outstanding shares may actually begin to diminish. During the week ending June 30, 64 of the biggest investment funds reported a redemption ratio of 91%.

The Korean crisis accounts for some of this. But it isn't the only reason. Investment trusts had already begun to lose some of their popularity before Korea made the news. At the top of the bull market, shareholders were cashing in on their paper profits—especially those who had been holding shares for long periods. And in the market break, they have simply stepped up the process, trying to get out while they can.

Box Cars for Rent

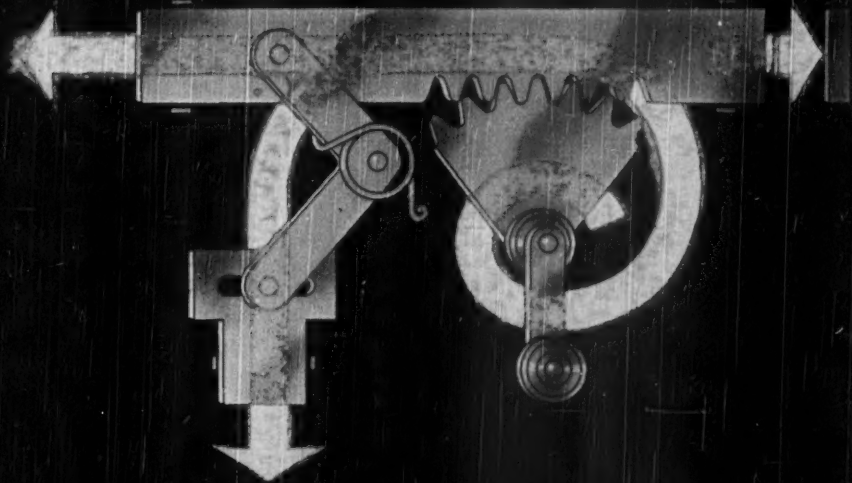
**Prudential plans to lease
100,000 new DF box cars, built
by General American-Evans.
Roads rent, but don't buy cars.**

Another big life insurance company has gone into the freight-car business, at what looks like a strategic moment. Last week, as the roads were wondering how their equipment could stand up to another war (BW-Jul.22'50,p25), Carol M. Shanks, president of Prudential Insurance Co., said that the Pru is going to rent out the new GAEX-DF box cars to railroads. He's willing to put up most of the money for 100,000 cars—which could mean an \$800-million investment.

• **New Car**—These new cars (BW-May 27'50,p48) are equipped with special shock absorbers and high-speed trucks. They are designed to: (1) reduce damage to freight-DF stands for "damage-free"; (2) carry about one-third more freight than the ordinary box car; (3) move at passenger-train speed; and (4) load and unload faster than conventional cars.

The builder is General American-Evans Co. It's owned 90% by General American Transportation Co., which makes and leases special types of freight cars. Evans Products Co., maker of freight-car loading devices, owns the other 10%. The 50-ton cars sell for about \$10,000 each.

Shanks thinks that renting freight cars will probably bring his company a better return than it gets on most of its investments. They'll rent on 10-year



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If your product needs a mechanical linkage to initiate motion at the touch of a button...the turn of a handle...or the operation of a pedal, Standard is the place to go.

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product's performance, convenience, safety or salability. If you have opened a 1950 Ford door recently, you have operated one of our new rotary locking devices. We build them to unusually close tolerances—BY STAMPING—to keep the cost very, very low.

Does this careful approach to latches, locks and linkages suggest a way to improve your product? If so, we'd be pleased to discuss your application...any time.

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Acoustical ceilings of Armstrong's Cushiontone® are playing an important role in the bustling city of Chicago. In stores, offices, and institutions throughout the Windy City, Cushiontone is stopping noise, providing a pleasant, comfortable atmosphere of quiet. Kraft Foods Company, Capper & Capper, Carson Pirie Scott & Company, Abbott Laboratories, and hundreds of other places of business, are all attractively sound conditioned with Cushiontone.

Ceilings of Armstrong's Cushiontone are a practical business investment. They're low in cost, high in noise-quieting efficiency, quickly installed, washable, repaintable, and provide good light reflection.

Free booklet, "How to Select an Acoustical Material," gives full details. Write to Armstrong Cork Company, 5007 Ruby Street, Lancaster, Pennsylvania.

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Airtite Insulation Company, of Chicago*

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leases for about \$4 per car a day. From the roads' point of view, he feels the new cars could bring in a lot of money.

• **The Plan**—This car-rental deal will work somewhat differently from the Equitable Life plan (BW—May 27 '50, p96). Pru will put up about 80% of the money needed for each car. Builder GAE will provide the rest. But, unlike the railroad-equipment companies that are handling some of the temporary financing on the cars they build under the Equitable plan, GAE intends to hang onto its share of the ownership.

Another difference: The owners will be responsible for taxes and maintenance on the cars.

Eight railroads have already signed up, though Shanks didn't say how many cars they will lease.

• **Financing**—Going into the business at a 100,000-car clip would mean GAE would have to put up \$200-million. And that would take some financing. Parent General American had cash and government bonds totaling \$17.8-million at the end of last year.

But the 100,000-car goal might take a long time to reach. GAE now makes only 400 DF cars a month.

Life Underwriters Plan To Revive War Clause

Life-insurance companies are getting set to go back on a war basis again. They will soon put war clauses into their new policies. But now, they want to extend these clauses to include not only members of the services but also civilians killed by enemy action.

Last week, the National Assn. of In-

ECONOMY POST CARD

It costs the taxpayers 15¢ to 25¢ or more to send an official letter. This includes postage, stationery, stenographic, filing, and other services. It costs the taxpayers 5¢ or less to send this post card, which represents a saving of from 10¢ to 20¢.

Economy Post Card

California taxpayers get a glow when they receive this "economy" post card from state agencies. The inscription explains that letters cost three to five times as much as cards. All state departments now use cards for routine business where speed and privacy of sealed first-class mail aren't needed.

insurance Commissioners set up a committee to find out what types of war clauses state officials should approve. NAIC is the group through which state insurance officials work out policies on national insurance problems.

• **Refunds**—War clauses written into new policies during the last two wars provided that life companies wouldn't pay beneficiaries of policyholders killed in combat serving in the armed forces. They refunded premiums instead.

Now companies want to extend this clause to civilian deaths caused by attacks on the U.S. The life companies don't like war clauses, but think they need them for two reasons: (1) They want to be protected against a rush of applications from people going into the services who wouldn't otherwise buy insurance. (2) They want to protect themselves against applications from people in areas most likely to suffer in attacks on the U.S.

Unless they take these precautions, they will run into what actuaries call "adverse selection"—stacking the cards against themselves. The new war clauses won't affect existing policies. War clauses written into new policies during the last war were dropped after V-J Day.

FINANCE BRIEFS

Bell System earnings climbed to about \$158-million in the first half of 1950 vs. \$96-million last year. Per-share earnings were only \$5.93 though (against \$4.09 last year) because Mother Bell has issued a lot more stock.

• **Home Insurance Co.**, largest U.S. fire insurer, has been authorized by New York's insurance department to write casualty and surety insurance.

• **Wall Street gossip** has it that outsiders are trying to get working control of American Woolen by buying stock in the open market. Since Korea, the stock has been a "war" favorite.

• **Six states coughed up** more than half of the federal tax revenues in fiscal 1950. They were: New York, Illinois, Pennsylvania, California, Ohio, and Michigan.

• **Fire losses in the U.S.** for the first half of 1950 were \$367-million. That's up 5.2% over the same period last year.

The Pictures—Cover by Sam Vandivert. Hans Basken—38; Combinc—21; Eastern—80; Keystone—81; Sam Vandivert—22, 23; Wide World—19, 25, 73, 78; Dick Wolters—64, 65, 66, 68, 69.



A LITTLE FRESH HEIR IN TURKEY

When Turkish fathers—like fathers anywhere else—pace the hospital floor in this Ankara maternity hospital, they will, at least, pace in supreme comfort. For here is the first maternity hospital in Turkey that has licked the problem of humid, dreary, heat—and how did this happen?

Trane air-conditioning equipment came into the picture.

Now Ankara mothers bear their children in cool, delightful "weather"—they are brought comfort, ease of mind. Thus does Trane aid in contributing to quick maternal—and paternal!—recovery in the near East.

Score another plus for the same equipment that makes air more comfortable, more usable, more efficient in thousands of offices, stores, plants, homes.

You, too, may have an air-conditioning problem in your business. If so, remember that Trane knows air—how to warm it, cool it, dry it, humidify it, clean it, or move it. Your local Trane representative will gladly work with your own architect, engineer or contractor.

Heat for big buildings or modern homes. There's a better way to heat any size structure—with Trane Convectors. Quick-heating, space-saving convectors team up with any steam or hot water system, to provide better heat distribution and more comfort at low cost.

Free: "Choose Your Own Weather": Your own heating or cooling problem may be illustrated in this 16-page picture story of an amazing variety of buildings where stubborn heating and air conditioning problems have been corrected with Trane equipment.



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EASTERN MFG. DIVISION • SCRANTON, PA.
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Total Naming One Magazine 100.0%

C. G. — 50.1%
Mag. A — 26.2%
Mag. B — 11.6%
Mag. C — 7.7%
Mag. D — 4.4%

NO. 1 WITH BUILDING MATERIALS DEALERS

Total Naming One Magazine 100.0%

C. G. — 39.2%
Mag. B — 27.5%
Mag. A — 20.5%
Mag. C — 6.6%
Mag. D — 6.2%

NO. 1 WITH DEPARTMENT STORES

Total Naming One Magazine 100.0%

C. G. — 63.2%
Mag. A — 19.2%
Mag. B — 9.3%
Mag. D — 5.7%
Mag. C — 2.6%

NO. 1 WITH DRUGGISTS

Total Naming One Magazine 100.0%

C. G. — 47.4%
Mag. A — 32.4%
Mag. B — 9.6%
Mag. D — 7.6%
Mag. C — 3.0%

NO. 1 WITH HARDWARE DEALERS

Total Naming One Magazine 100.0%

C. G. — 48.7%
Mag. A — 27.0%
Mag. B — 11.8%
Mag. D — 7.2%
Mag. C — 5.3%

NO. 1 WITH JEWELERS

Total Naming One Magazine 100.0%

C. G. — 41.4%
Mag. A — 20.8%
Mag. C — 20.8%
Mag. B — 11.7%
Mag. D — 5.3%

NO. 1 WITH SHOE DEALERS

Total Naming One Magazine 100.0%

C. G. — 45.0%
Mag. A — 28.7%
Mag. C — 10.4%
Mag. D — 9.3%
Mag. B — 6.6%

NO. 1 WITH ELECTRICAL APPLIANCE DEALERS

Total Naming One Magazine 100.0%

C. G. — 45.8%
Mag. A — 24.0%
Mag. B — 13.1%
Mag. C — 12.0%
Mag. D — 5.1%

NO. 1 WITH FARM IMPLEMENT DEALERS

Total Naming One Magazine 100.0%

C. G. — 48.2%
Mag. A — 28.5%
Mag. B — 14.7%
Mag. D — 7.4%
Mag. C — 1.2%

NO. 1 WITH FEED DEALERS

Total Naming One Magazine 100.0%

C. G. — 45.4%
Mag. A — 31.1%
Mag. B — 14.3%
Mag. D — 8.0%
Mag. C — 1.2%

NO. 1 WITH GROCERS

Total Naming One Magazine 100.0%

C. G. — 44.0%
Mag. A — 27.8%
Mag. C — 14.1%
Mag. B — 9.4%
Mag. D — 4.7%

If dealer cooperation
is important in your
selling today, then the
magazine that is No. 1
in merchandising with
rural dealers should
be No. 1 on your
rural advertising list.

The best people in The Country

MAJOR LINES SAY *More Selling Power!*

THESE results of a new nationwide survey show dealers in 17 major lines agree—as dealers have throughout the years: "Country Gentleman helps us better than any other rural magazine to make more sales."

This 1950 survey was made during May by R. L. Polk and Company on their own stationery.

Polk's tabulations show Country Gentleman far ahead of the field with dealers in each class of business . . . and with all classes,

Country Gentleman leads the No. 2 magazine by more than 75%!

The lists of dealers were prepared by Polk to make a national cross-section of each class of business. Dealers were simply asked to check the one rural magazine that most effectively helps them sell their farm and other rural customers.

Results confirm the all-time preference of dealers for Country Gentleman—documented during the past 23 years by 29 surveys among all types of dealers . . .

10 WAYS THIS SELLING TOOL CAN HELP YOU MOVE MORE GOODS

- 1 Quicker dealer acceptance
- 2 Bigger dealer orders
- 3 Store stocks in adequate quantities
- 4 Preferred position in store displays
- 5 Prominence in stores' local advertising
- 6 Featuring in stores' "special sale" promotions
- 7 Greater dealer use of selling suggestions and merchandising helps
- 8 Suggestion of your product by clerks
- 9 Use of your brand to fill customers' "no-brand specified" orders
- 10 Dealer cooperation on coupon and premium deals

... because Main Street dealers know from long "cash-register" experience, that their best local customers are among the 2,300,000 prosperous rural families who read and prefer Country Gentleman over any other magazine, of any kind.

COUNTRY GENTLEMAN 1ST WITH DEALERS IN 29 SURVEYS SINCE 1927

DATE	TYPE OF DEALER	COUNTRY GENTLEMAN	MAGAZINE A	MAGAZINE B	MAGAZINE C	MAGAZINE D	MAGAZINE E
April 1927	Work Clothing	40.8%	15.0%	19.6%	0	15.1%	0
Sept. 1928	Various	55.7%	8.3%	11.9%	0	7.9%	1.6%
Nov. 1928	Farm Supply	51.9%	24.7%	9.8%	0	2.4%	0
Jan. 1929	Home Appliances	63.4%	9.4%	7.2%	0	5.8%	0
June 1935	Home Appliances	62.0%	11.0%	8.0%	0	16.0%	0
Oct. 1935	Drug	61.7%	0	0	8.2%	0	3.6%
Nov. 1935	Home Appliances	46.3%	10.4%	15.0%	0	20.4%	4.6%
Oct. 1936	Grocery	45.0%	13.7%	4.4%	9.6%	10.9%	4.4%
Jan. 1937	Hardware	51.2%	22.7%	13.5%	0	6.0%	0
Feb. 1937	Automotive	55.1%	12.5%	10.3%	7.4%	8.0%	0
Mar. 1937	Farm Implement	37.7%	12.8%	25.4%	0	21.0%	0
Jan. 1940	Home Appliances	59.6%	7.4%	10.9%	11.9%	10.4%	X
April 1940	Automotive	53.4%	13.5%	12.2%	8.2%	11.1%	X
July 1940	Hardware	61.0%	10.7%	11.9%	8.5%	7.9%	X
Sept. 1940	Grocery	47.9%	15.4%	7.4%	19.4%	9.9%	X
Nov. 1940	Shoe	51.6%	24.5%	24.5%	0	15.2%	X
Feb. 1941	Farm Implement	53.0%	12.0%	20.0%	1.8%	13.2%	X
Feb. 1941	Drug	63.6%	9.2%	8.8%	8.4%	10.0%	X
Feb. 1941	Electrical Appl.	55.0%	11.7%	14.7%	10.9%	7.7%	X
June 1941	Dry Goods	55.6%	11.7%	11.2%	16.1%	5.4%	X
July 1941	Feed & Hatchery	48.8%	22.6%	10.7%	0	6.0%	X
Oct. 1941	Automotive	70.5%	7.6%	14.1%	0	7.8%	X
July 1942	Electrical Appl.	46.4%	20.9%	20.9%	0	7.2%	X
Feb. 1943	Various	59.2%	16.6%	6.2%	0	18.0%	X
June 1944	Various	51.3%	19.0%	15.3%	5.6%	8.8%	X
Dec. 1945	Automotive	61.6%	7.7%	16.6%	0	14.1%	X
Mar. 1947	Hardware	41.6%	27.2%	17.8%	0	13.4%	X
Sept. 1947	Various	47.4%	24.6%	14.1%	6.4%	7.5%	X
May 1950	Various	46.9%	26.4%	12.6%	7.7%	6.4%	X

Q—Not listed in questionnaire.
X—Absorbed by another magazine.

Percentages do not total 100% in all surveys listed since rates cast for refund publications are omitted from this record. For further details about these surveys, consult your Country Gentleman representative.

turn to

Country Gentleman

THE MAGAZINE
FOR
BETTER FARMING
BETTER LIVING

1ST
with

**FARMERS
DEALERS
ADVERTISERS**

160-hour run converts Auto Manufacturer to Cleco Impact Wrench

A leading automobile manufacturer was troubled with frequent production delays due to impact wrench failures. He tried using a Cleco A-3 Reversible Pneumatic Impact Wrench to drive 5/16" x 3" bolts.

The Cleco A-3 ran for 160 hours without down-time for maintenance—over 7 times as long as tools previously used. Down-time for wrench replacement was almost eliminated, production was improved and maintenance costs were reduced.


A Cleco Field Engineer can help you with your problems whether they be grinding, chipping, drilling, screw-driving or nut running. Air power can help you cut production costs. A word from you will get a Cleco Engineer on the job immediately.

CLECO DIVISION
of REED ROLLER BIT COMPANY
5125 CLINTON DRIVE HOUSTON 20, TEXAS



ADVERTISEMENT 2254

*Keeps 'em Smiling
while they're
filing*



*More work
—no shirk.*

*It's the heart
that counts—
GE sealed units
save money last
for years*

Water Coolers

PRESSURE AND BOTTLE TYPES

GENERAL ELECTRIC

free

Mail coupon with letterhead for free beverage thermometer. Check the temperature of your drinking water. General Electric Co., Sec. BW-2, Air Conditioning Dept., Bloomfield, N. J.

NAME _____
ADDRESS _____
CITY _____ STATE _____

THE MARKETS

Who Are the War Babies?

	Pre-Korea (June 23)	"Korean Panic" Low	July 24	Gains—July 24 June 23	Price vs "Panic" Low
American Car & Foundry...	\$23.87	\$22.00	\$30.50	+27.8%	+38.6%
American Woolen.....	26.00	23.25	33.75	+29.8	+45.2
Baldwin Locomotive.....	10.37	9.63	14.25	+37.4	+48.0
Bath Iron Works.....	18.00	17.50	23.75	+31.9	+35.7
Bethlehem Steel.....	38.00	33.00	39.62	+4.3	+20.1
Continental Motors.....	6.75	5.87	8.12	+20.0	+38.4
Crucible Steel.....	21.50	18.25	23.87	+11.0	+30.8
Cuban American Sugar.....	16.87	15.25	19.00	+12.6	+24.6
Curtiss-Wright.....	8.25	8.25	10.25	+24.2	+24.2
Delaware & Hudson.....	34.25	32.00	40.25	+17.5	+25.8
Elastic Stop Nut.....	8.62	8.00	10.25	+18.9	+28.1
Erie.....	12.25	10.75	14.37	+17.3	+33.7
Evans Products.....	11.25	9.25	12.75	+13.3	+37.8
Francisco Sugar.....	12.00	11.25	15.50	+29.2	+37.8
Guantanamo Sugar.....	7.62	7.12	10.00	+31.2	+40.4
Illinois Central.....	41.00	35.62	44.25	+7.9	+24.2
Inspiration Copper.....	15.37	13.00	16.25	+5.7	+25.0
Lockheed Aircraft.....	29.00	28.12	34.25	+18.1	+21.8
Mack Trucks.....	15.00	13.62	16.37	+9.1	+20.2
N. Y. Central.....	13.50	11.62	15.00	+11.1	+29.1
Republic Aviation.....	8.62	8.62	13.25	+53.7	+53.7
Solar Aircraft.....	14.50	13.12	17.12	+18.1	+30.5
Southern Pacific.....	55.75	49.00	60.00	+7.6	+22.4
West Indies Sugar.....	21.00	19.00	24.75	+17.9	+30.3
Willys-Overland.....	6.25	5.37	8.00	+28.0	+49.0

New Favorites Emerge

Wall Street starts combing over the stock list for companies that stand to benefit from a war economy. Rails and rail equipments get a good play, also marginal industrial companies.

Not every stock in the Big Board has taken a licking in the past month. There have been a few war babies—stocks that moved up against the market. Now that traders have got over their first panic, they are beginning to place their bets on industries that they think will benefit from a limited-war or perhaps a total-war economy. And they're keeping possible excess-profits-tax angles carefully in mind.

• **Rails Climb**—If you look over a list of some of the more spectacular war babies (table), you can see how the Street is thinking. Rails, the stepchildren of the pre-Korea bull market, are reigning favorites now. The roads that have gained the most percentage-wise are Eastern rails; they started from the lowest levels. But many other carriers are sharing the advance. They all should get more traffic in a war economy; and their heavy capital investment will shelter them against an excess-profits tax.

Looking beyond the rails, you can see that Wall Street is also paying a lot more attention to marginal industrial companies. A company like Willys-Overland or Kaiser-Frazer, for instance, is now going to be pretty sure of selling all the cars it can make as long as it can make them. And then it will be switching to war orders. The same goes for smaller steel producers, like Crucible Steel.

• **Carbuilders, Too**—Builders of rail equipment, whose stocks went begging not long ago (BW—Apr. 1 '50, p. 80), are right up in the front row now. War conditions mean capacity production for them, either in war orders or rail equipment.

There's small wonder that the aircraft manufacturers are getting a whirl. This industry will probably grow the most of any in a war economy. It's vulnerable to an excess-profits tax, though.

• **War Economics**—There are several other groups blooming right now. A

big army needs uniforms; so various textile stocks have been climbing. American Woolen has been particularly active, perhaps because of the relative scarcity of wool. Some metals are doing well for the same reason as textiles. And traders seem to expect another sugar shortage, judging by the way they've been rushing to snap up sugar shares.

Skidding Short Position May Be Market Clue

The heavy volume of short covering that started with the Korean market break is a trend worth watching. It has already cut deeply into the abnormally high short position that New York Stock Exchange bears held for months.

But the wave of short covering is even more important to future calculations. For an increasing short position tends to strengthen the market's technical position and a declining short position does just the opposite.

Here's why: Those short stocks eventually have to engage in covering operations. So when you see a high short position, you know there's a big backlog of buy orders scheduled to hit the market sooner or later. If they're executed while the market is going down, they tend to cushion the decline. This is what has happened in the last few weeks. On the other hand, if the buy orders are touched off by sudden price upsurges, they often speed up the tempo of the rallies.

• **Record Slide**—Figures out last week showed the Big Board short interest nosedived 613,000 shares to a 1,756,000-share level in the month ending July 14. That's a 26% drop, the sharpest month-to-month decline in 17 years; it sent the short position to its lowest level since June, 1949, the month the 1949-50 bull market started.

The biggest drops came in the large short interests in television stocks. (Many of them were sliced in half during the month.) The short interest in Admiral Corp. was cut to 29,702 shares from 56,312. The short position in Zenith Radio came down to 12,173 shares from 25,638; Magnavox to 14,695 from 34,290; RCA to 38,222 from 61,132 shares.

• **Across the Board**—The short covering, however, went far beyond TV shares. Some issues of motor stocks were covered by as many as 10,000 shares. There were also sharp drops in the short position of such varied common stocks as Big Steel, United Corp., St. Louis-San Francisco Ry., Standard Oil (N. J.), Pepsi-Cola, International Paper, Capital Airlines; Missouri-Kansas-Texas and American & Foreign Power preferreds dropped, too.

"Milwaukee's largest selling beer since we pulled the plug on habit-itis"

says

VAL A. SCHMITZ,
Advertising Director,
Blatz Brewing Co.,
Milwaukee, Wisc.



Unique interior display signs—designed and developed by Thos. A. Schutz Co., Chicago, and molded of Lustrex by Anfinson Plastic Molding Co., Aurora, Ill.—have helped make Blatz the largest selling beer in Milwaukee and all Wisconsin.

"We reaped a two-fold profit when we discarded habit-thinking for new ideas in point-of-purchase selling—when we replaced conventional sales-aids with dealer display signs of Lustrex styrene," continues Mr. Schmitz. "Our sales trend is steadily rising, and our new plastic signs have helped increase sales by: first, winning dealer approval and cooperation; and second, attracting new Blatz customers, and bringing back old ones more often."

For signs and displays—Lustrex delivers many hard-hitting sales advantages: a wide range of bright, sparkling colors; outstanding color fidelity and color fastness; a lustrous finish that won't peel-wear-or chip-off; exceptional dimensional stability, strength, and hardness; washable surfaces that have excellent chemical resistance. Best of all, Lustrex delivers high-selling value at low cost: eye-catching, three-dimensional signs are molded efficiently in fast, one-shot operations.

Like Blatz, many sales-minded manufacturers have replaced old-time materials with Lustrex: for glamorous displays, lively premiums, and thousands of consumer and industrial products. It'll pay you to investigate Lustrex, and Monsanto's many other plastics—with your product, premiums and sales-aids in mind. Lustrex: Reg. U. S. Pat. Off.

*The coupon
is for your
convenience*



MONSANTO CHEMICAL COMPANY,
Plastics Division, Dept. BF8, Springfield 2, Mass.
Please send me, "What Monsanto Plastics Can Do For You."

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AIR CONDITIONING?

TO SAVE
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BAKER can show



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BAKER dependability

**RUSSEKS, in
Philadelphia**



use **BAKERAIRES**
in the display windows
to protect valuable furs
exposed to hot sunshine

To counteract the mirror effect of strong sunlight on clear glass, merchants employ powerful electric lights inside their display windows. The combined radiant heat transforms an enclosed window into a hothouse, often melts wax manikins, and would ruin valuable furs.

RUSSEKS, in Philadelphia, has overcome these hazards with a **BAKERAIRES**-conditioner in each window. Temperature and humidity are maintained within the safety zone — the air is kept circulating, and the show goes on winter and summer, without loss or danger.

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can help you, whatever your needs. Let us put you in touch — and also tell you why **BAKER** Equipment is so often preferred by experts whenever dependability is essential.

BAKER REFRIGERATION CORPORATION
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zone balanced—engineered

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Air Conditioning and Refrigeration

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Bridges Faces Rebellion

Harry Renton Bridges was entitled to a few wry reflections as 49th birthday greetings piled up on his desk this week. In the year since his 48th birthday, fate had glowered on its Australian-born son. It has brought criminal trial, conviction, prison sentence, loss of citizenship, threat of expulsion from the CIO.

And then, last week, his own San Francisco longshoremen turned their backs on him. The issue was nakedly clear: Korea.

• **Schism**—Never before in the 16 years that the cloud of communism has hung over his head had his rank and file wavered in their loyalty to him. True, there were skirmishes and disagreements that made it possible for Harry to boast that his union was truly democratic. The right-wingers in his local even seized control of the principal offices.

But on broad issues, it mattered little to members that Bridges' left hand was steeped in the waters of communism as long as the right hand kept wringing greater concessions out of their bosses. To a stevedore packing a hook on San Francisco's Embarcadero, Harry's politics were his own business.

Korea need not have changed that. But Bridges asked for it.

• **Pledge of Support**—In the locals of his International Longshoremen's & Warehousemen's Union, as in other union halls around the country, members observed the hallowed tradition of passing a resolution. It was a simple

pledge of support, a salute, a gesture of patriotism to the United States in its latest war crisis.

Working longshoremen are no less patriotic than their neighbors. San Francisco's Local 10, Bridges' home local, was one of the first to offer a resolution. Had Bridges held his tongue, the resolution would have passed—as it did eventually—and there would have been no issue.

But Bridges didn't hold his tongue. He countered with another resolution that sublimated the intent of the original in party-line doubletalk. Both resolutions were tabled until the next meeting.

Newspapers reported the standoff. The next meeting wound up in a riot call to police and several cracked heads. Debate was hot, but the resolutions stayed on ice.

• **U.S. vs. U.S.S.R.**—By last week when the resolutions came up for consideration a third time, bitterness had narrowed the issue to a stand-up-and-be-counted choice between the United States and Soviet communism in Korea. The longshoremen flushed communism down the drain.

Bridges rolled with the punch by abandoning his resolution. He really had little choice. Not only was he alienating his members, he was also risking his neck.

Only three months before he had been convicted of perjury for swearing, when he was naturalized in 1945, that



n Ranks

he was never a Communist. On the strength of that conviction, his citizenship had been revoked, subject to action on his appeal. And now, in the light of his stand on Korea, the government was pondering whether his freedom on bail should be ended. So Bridges backed down.

• **Loyalty Oath**—For Army and Navy authorities charged with security of Pacific shipping, there was subtle significance in the Local 10 flareup: When the chips are down, they can count on the loyalty of the men who load the ships. This doesn't mean that vigilance can be relaxed, nor that Bridges and the handful of left-wingers who control the ILWU will put off meddling for the duration. By the familiar tactic of draping a political aim in economic trappings, the leftists can still exert influence over the membership. But the longshoremen have served notice that in any clear deviation from patriotism in the Korean crisis they won't follow Bridges.

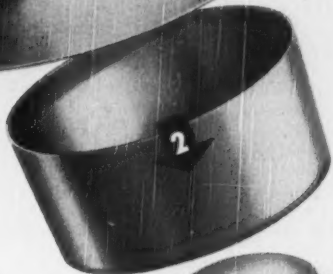
They gave clear evidence of that this week. Local 10 and other important ILWU units took part in a Washington conference on Pacific shipping security—a conference to which Bridges wasn't invited. The ILWU non-Communists joined in pledging support to a plan for weeding out subversives who are a bad security risk on docks and ships.

They went even further—promising that if anyone tried to delay vessels by “phony demonstrations, bogus picket

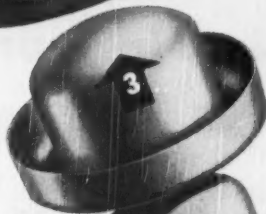
SCAIFE turns a steel cup
“inside out” to make a better
Bottled Gas cylinder



Starting with a circular sheet of steel—



A cup is formed by a conventional drawing operation.



A continuation of this pressing operation turns the cup “inside out” without removing it from the dies—



completing—in a single stroke—the deep-drawn shape, which becomes a cylinder-half.

This revolutionary reverse draw process provides many advantages that are appreciated by users of Bottled Gas Cylinders. Light weight, high strength and long life mean ease of handling and overall economy for the user of Scaife “Dura-Lite” Cylinders.

Scaife is the first fabricator to apply the reverse-draw process to the manufacture of Pressure Vessels. Scaife engineers will gladly work with you in applying this process to the production of other types of pressure vessels or deep-drawn shapes for your applications.



Scaife Company

OAKMONT (PITTSBURGH DISTRICT), PA.

Makers of Pressure Vessels For Air, Gases, Liquids

We can't do a thing for this frustrated kid and his yo-yo. He's all tangled up in a tension and torque problem that's beyond our ken.

But, for industry, we've solved the problem of how to maintain constant tension and constant lineal speed on many winding operations... in textiles, plastics, printing processes, paper or wire-making.

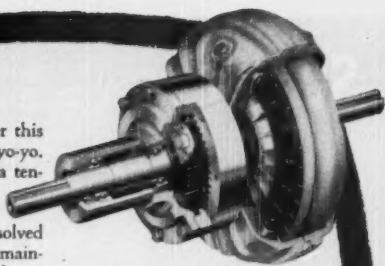


The answer is the new HYDRO-WYND.

This unit is a hybrid, combining a hydraulic coupling—in which Twin Disc is a pioneer—with a planetary gearset.

The combination eliminates all jerkiness in the winding cycles. In starting the load, the prime mover accelerates rapidly up to the right amount of torque to move the load.

Then, the slip in the hy-



draulic coupling cuts back and the load starts turning smoothly. As torque requirements of the load vary, the planetary gearset and the hydraulic coupling react against each other to produce an output torque which matches your predetermined requirements for constant tension and constant lineal speed.

If you can't figure out how the HYDRO-WYND works from the cutaway above, see your Twin Disc Dealer or write direct. You'll find you've solved your winding problems forever.

Wound up in your winding?



TWIN DISC CLUTCH COMPANY, Racine, Wisconsin • HYDRAULIC DIVISION, Rockford, Illinois

BRANCHES: CLEVELAND • DALLAS • DETROIT • LOS ANGELES • NEWARK • NEW ORLEANS • SEATTLE • TULSA



lines," or other tactics, the ILWU units will ignore them and help keep the vessels moving to Korea.

On four counts, the Korean campaign and its divisive effect on his membership couldn't have come at a worse time for Bridges:

I. Threat of the Ax

His relations with the CIO have deteriorated rapidly in the past two or three years. He broke with the national body in his choice of Wallace over Truman in 1948. As a prelude to the purge of Communist-dominated unions, Philip Murray relieved Bridges of the California directorship of CIO.

The ILWU is now facing expulsion. One consideration that stays the executioner's ax is the injustice that expulsion would put upon ILWU members who frankly oppose Bridges' political toe-dancing and upon those, far greater in number, who are indifferent. It seems unlikely that Murray would cut the ILWU adrift until he has a harbor for these elements and is sure they will use it.

For this reason, it's a safe bet that the CIO watched the internal wrangling in Local 10 with more than academic interest. It betrayed the single weak spot in the longshoremen's loyalty to Bridges.

• **Contracts Needed**—Another consideration that could make Murray hesitate is that the CIO has no claim on the union's contracts with employers. There is no point in chartering a rival union while the ILWU has the employers sewed up. Waterfront agreements have another year to run.

Meanwhile, Bridges opens to question his own fealty to the trade union movement by attacking the CIO with a passion never employed by its bitterest anti-union enemies.

Expulsion from the CIO should cause

When it comes to industrial finishes . . .

Your Thumb is a Handy Testing Laboratory



It happens every time! Hand a man a panel coated with an industrial finish and instinctively he tries to dig his thumbnail into it . . . tries to smudge it with his thumb.

Research for Zapon* Finishes (products of the Atlas Industrial Finishes Department) goes far beyond any thumb test. Zapon uses precision instruments to make every conceivable test to insure that the finish will meet the requirements for innumerable products—from lipstick cases to washing machines, from toys to fine furniture.

Delivering fine finish in the drum is not enough. The job is not only to develop a finish that looks attractive to the ultimate consumer. Equally important is service in method of application, and curing that assures satisfactory performance against the use—and abuse—which the article must encounter. Customer Service works for and with the customer to hold down costs while improving quality. Technicians study and test in laboratory and field . . . ferret out unexpected problems . . . consult on the customer's own production line.

Zapon Service From Every Angle is typically Atlas. If *your* production efforts are within the range of Atlas products, our technical and engineering staffs are at your service.

For Zapon finishes, address Atlas Powder Company at Stamford, Conn.; or North Chicago, Ill.

*Reg. U. S. Pat. Off.



ATLAS

POWDER COMPANY
WILMINGTON 99, DELAWARE
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Industrial Explosives • Industrial Finishes • Laundry Covers • Acids
Activated Carbons • Hexahydric Alcohols • Surface Active Agents



THESE fine chairs are eloquent spokesmen for the quality of your business. They make a good first impression of modern, attractive, and efficient operation. This impression lasts.

The C-1500A suite has the look and feel of quality in every line. Coil spring seat, covered with soft padding, provides deep and resilient comfort. Modern design is graceful, functional, free of fuss and fancy. Leather, fabric, or smooth-finish

HARTER CHAIRS SAY

"Welcome!"



upholstery in the color of your choice. Harter builds a complete line of chairs for every room in the office, every worker, every job. Go to your Harter dealer for helpful advice on office seating problems. We'll send along his name and address with free literature. Just drop us a line.

HARTER
STURGIS, MICHIGAN
STEEL CHAIRS • POSTURE CHAIRS



Write for free illustrated literature on C-1500A suite.
Harter Corporation, 2077 Prairie Ave., Sturgis, Mich.



Bridges no grave inconvenience. For all practical purposes, he is on the outside looking in right now. But it can be no comfort whatever to Bridges to know that the CIO is probing for an opportunity to take his membership away from him.

II. Pressure from AFL

Bridges is vulnerable to assault from another quarter—the AFL. For the past few years, Dave Beck, Teamster boss in the West, has been chipping at Bridges' big San Francisco Warehouse Local 6. Both the Teamsters and the ILWU have warehouse jurisdictions, and both have strong warehouse unions in the San Francisco Bay area.

So far, Beck's boys have had little to show for their efforts. But as long as they persist, Bridges won't be able to relax.

III. Trouble in Hawaii

In Hawaii, one of its strongholds, the ILWU has lost ground, though it still bulks as the most potent single factor in the islands' economy. There, the union sits astride the three principal civilian industries—the docks, pineapple growing and canning, and sugar planting and milling.

The union reached the peak of its power and membership—around 33,000—in 1946, when it won the sugar strike. Successive reverses, such as loss of the pineapple strike in 1947, have diminished its influence and have also cut its membership down to approximately 25,000.

• **Body Blow**—In April, the House Un-American Activities Committee held hearings in Hawaii that put the finger of communism on many of the union's top leaders in the islands. This only confirmed long-held suspicions, but in

"Marvelous Time Saver"
says Watch Executive



"Laird Tyson's 'Teletouch' dictating machine transcribing easier," enthuses Claire White, Mr. Feldberg's secretary.

Time is Samuel M. Feldberg's business. As General Manager of The Benrus Watch Company of New York he buys, sells, deals in time... and thanks to TYCOON* saves plenty of it, too.

Here's what he says: "TYCOON is a marvelous time saver, particularly its 'Quick Review' microphone that repeats the last few words of dictation. That's one feature every executive needs. It's a great addition to a great instrument... and only TYCOON has it."

Learn how TYCOON, the latest SoundScriber dictating equipment can save time, nerves, energy for you and your secretary. Mail coupon now.

SOUNDSCRIBER

First All Electronic Dictating System

First Disc Dictating Equipment

230 Sales and Service Centers Coast to Coast

SOUNDSCRIBER CORP., New Haven 4, Conn.
Please send me "Tycoon" Brochure

Name.....

Address.....

Trade Mark

SWT



war-jittery Honolulu it was a body blow to the union.

Significantly, the union's domination of the Democratic Party, an also-ran in the islands, proved too great a burden for the party, and the union has withdrawn from an active role. Again, the curse was communism.

Right now, the ILWU is lying low in Hawaii. There seems to be no other choice. Closer by a couple of thousand miles to the combat theater than their mainland cousins, the islanders are in no mood to tolerate any ideological monkeyshines.

IV. Man Without Country

Finally, Bridges is in deep personal trouble, facing for the first time in his life a long prison term and deportation to an Australia that doesn't want him. Having renounced his Australian citizenship to qualify for his now lost American identity, he is literally a man without a country.

The old question of whether Bridges is a Communist was answered by a federal jury in San Francisco last Apr. 4. The jury found, after a trial that spanned 161 days, that he lied in 1945 when he swore that he had never been a Communist.

For his crime, Bridges was sentenced to five years in prison. Pending appeal, he was freed in \$25,000 bail. He is appealing the conviction, and his attorneys are seeking a new trial on the ground that they have evidence of a conspiracy to frame Bridges.

• **Bail in Jeopardy**—It was against that background that the Senate Judiciary Committee in Washington heard reports about Bridges' stand on Korea. Now the committee is asking the Dept. of Justice whether the circumstances warrant revocation of bail and detention pending appeal.

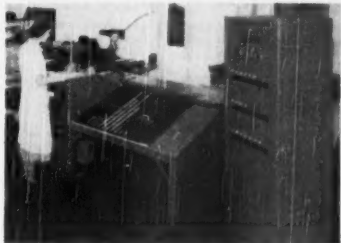


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What's Too Much?

URW workers strike Goodrich plant on old issue of a worker's right to produce as much as he wants.

Has a worker the right to produce as much as he wants to as long as he meets quality standards? This question has plagued the tire industry for years. It came up again early this month, to shut down B. F. Goodrich's Akron tire plant in a one-week wildcat strike.

• **Union Sets Limits**—Goodrich, like most tire companies, has an incentive plan; the more a worker produces, the more he earns. Officially, there's no ceiling on anybody's output. But limits do exist, unofficially, in most plants.

The United Rubber Workers (CIO) sets them by telling members to hold production below certain levels. It explains that this curb is necessary for two reasons: to keep piece-work rates high; and to prevent minimum production requirements from rising beyond the ability of "average" workers.

Usually, the union-set production limits go unchallenged. But last month, three Goodrich tirebuilders began producing at a rate well above 100 units per hour—the union's unofficial maximum. URW plant officials asked the company to bar their "overproducing" by recognizing the 100-unit ceiling. Goodrich refused. So the other tirebuilders quit work, closing the plant and idling 4,000 workers.

• **Wildcat Stoppage**—URW hadn't authorized the walkout. Faced with possible penalties for a wildcat strike, the union tried to get Goodrich strikers back on the job after a week. It persuaded them to submit the high-production-rate dispute to routine Goodrich-URW grievance machinery and to go on working pending a final decision.

This takes the urgency out of the matter, but it doesn't by any means settle it. Goodrich insists that it won't restrict the production of any employee who "by full utilization of his time and skill attains a high level of productivity" without sacrificing quality. The union says it intends to continue to fight "speedup" tactics.

Other tire companies—and employers in other lines who have similar production-ceiling problems—will watch the Goodrich situation closely. Most of them believe their workers can produce more than they do now. In Akron, for instance, tire companies say they get only five hours of real production out of their employees' six-hour day.

• **Counterattack**—Meanwhile, one of the three Goodrich workers who topped

URW production (tirebuilder James Helton) filed National Labor Relations Board charges against URW last week. He complained the union committed an unfair labor practice by trying to fix a production limit arbitrarily and threatening him for topping the limitation it set.

His complaint, filed with the aid of a former URW general counsel, alleges that other tirebuilders could produce "considerably more" if they wanted to. He charges that a lot of them "take it easy" at Goodrich because they hold down outside jobs—the short rubber-plant workday gives them time enough to double as full-time meat cutters, bricklayers, painters, gas-station attendants, telephone operators, etc.

Reuther Revives Demand For Joint Conferences

It has been a long time since labor leaders have brought up their periodic demand for joint conferences with management to discuss current problems. They've been too busy negotiating on wages, pensions, and other issues. But now, the Korean war and its kickback on the domestic economy has put new life into the idea.

• **Reuther Proposal**—Walter Reuther, the fast moving president of the United Auto Workers (CIO), has just sent letters to the presidents of nine automobile companies calling for a meeting to discuss:

(1) The effect of partial mobilization on production and employment.

(2) Possible labor-management steps to minimize dislocation and unemployment.

(3) Joint recommendations on the need for expanded steel output.

(4) Joint action on other problems stemming from stepped-up armament production.

• **Swipe at Steel**—Reuther is particularly concerned over the effect of cuts in steel allocations to the auto industry. He took a passing swipe at the steel industry in his letter, charging that it "steadfastly refused to expand steel capacity . . . despite our repeated warnings that steel supply was wholly inadequate to insure a healthy peacetime economy or a strong wartime economy."

• **Up to Management**—The union president left it up to management people to name a place and date for a meeting. But Reuther's past proposals for joint industrywide conferences have often been brushed aside, so it's doubtful if even the union leader thinks a meeting will actually be scheduled. Most industry people assumed Reuther had written the letter only to demonstrate to his membership that he was watching out for their welfare in every possible way.



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A Graceful Exit

E. W. Bliss Co. and USW work out contract to cover Bliss' problems in shifting its Salem, Ohio, plant.

Officials of E. W. Bliss Co. and local officers of the United Steelworkers (CIO) believe in meeting a problem head-on, instead of waiting until it reaches the arguing stage.

Bliss has a problem: It wants to close down its mill at Salem, Ohio, and shift operations to its Canton plant, 39 miles away. There will be jobs in Canton for many of the Salem employees, but not all of them. So the company wanted to work out a plan that would cause a minimum of hardship for those who were displaced and at the same time retain employee and union goodwill.

• **How Bliss Did It**—Bliss called in the United Steelworkers. A new contract was about to be drawn up, anyway. So company and union worked out contract clauses that will take effect when and if Bliss moves from Salem. (The Korean war may postpone the shift indefinitely.)

The new contract provides:

A **seniority program** for deciding who at Salem has first rights to the new jobs in Canton.

Severance pay or pensions for all those on the payroll three years or more who can't be used at Canton—or who turn down jobs there.

A **tryout period** at Canton for those who can't make up their minds immediately about making the change—which will require moving to Canton or making a daily 78-mile round trip. At the end of 30 days, a Salem employee can quit his new Canton job and still collect Salem severance pay.

• **Contract Terms**—Main feature of the agreement, as far as most Bliss employees are concerned, is the severance-pay clause. The company agrees to cushion the impact of permanent layoffs in this way: four weeks' pay for three to five years on the payroll; six weeks' pay for five to seven years; seven weeks' pay for seven to 10 years; and eight weeks' pay for more than 10 years' service.

Dismissal pay will go only to employees not eligible to retire. A new pension plan, which follows the steel industry pattern, calls for a minimum \$100 a month (including social security) for workers 65 years old and with 25 years' service. If the Salem plant shuts down, 65-and-over employees who turn down Canton jobs will be pensioned arbitrarily (otherwise, retirement is optional for them).

LABOR BRIEFS

UE faces new troubles if the House O.K.'s the contempt action against seven witnesses who balked at committee questions about Communist affiliations. Five are important UE leaders, among them James Matles and Julius Emspak.

Doehler-Jarvis' UAW employees in four plants will get 4¢-an-hour raises annually for five years under a new General Motors-type contract. This year's pay hikes will range from 4¢ to 28¢, due to pay adjustments between plants.

Vacation workers, including school children, must be paid at least 75¢ an hour if employed in interstate commerce. They're not exempt from the federal minimum-wage law.

Rubber wage demands for a 31¢-an-hour pay boost will be served by CIO on the Big Four rubber companies. This is the first important post-Korea wage drive by a major union.



Grand Chief Engineer

James P. Shields, 60, is now top man in the 80,000-member Brotherhood of Locomotive Engineers. He succeeds Alvanley Johnston, 75, who declined reelection. Johnston wanted his assistant, Roy Davidson, to take over the throttle, but BLE balked. Shields is considered one of rail labor's key men; he was proposed in 1949 to head a merged BLE and Brotherhood of Locomotive Firemen & Enginemen. The merger fell through, but Shields may try to revive it.

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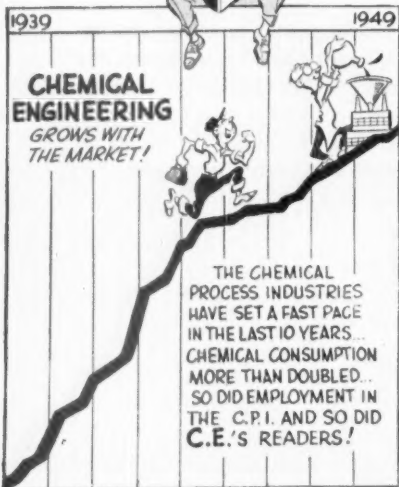
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 29, 1950



Washington thinks the next few weeks will be critical ones for the world.

Right now, State and Defense Dept. planners believe Moscow's policy is in a pretty fluid state. But soon, they feel, you'll get Stalin's reaction to U. S. mobilization—and some definite sign whether Russia wants World War III or not.

•
Of course, Stalin may take much longer to make up his mind.

Meanwhile, the Kremlin's schedule probably calls for:

Building up the East German "people's army," so it's able to take on the U. S., British, and French occupation forces in West Germany.

Mounting a Chinese invasion army to tackle the French in Indo-China.

Setting up sabotage squads—militarily organized fifth columns—in Western Europe.

•
It's the sabotage that's getting the big play now. Pravda is exhorting every peace lover to be a saboteur, too.

Peace mongers the world over have been told that signing the "Stockholm Peace Petition" to outlaw the A-Bomb isn't enough. They've got to be ready to stop trains, cut communication lines, disrupt food and water supplies, refuse to let loved ones go to war.

The peace-through-sabotage line has got western military men worried. Already there has been trouble. The British government says that saboteurs were at work in Portsmouth two weeks ago when nine ammunition barges blew up.

•
West Germany is in for the lion's share of Communist attention.

That's clear after last week's Communist Party Congress in Berlin.

Stalin's policy on Germany is based on his letter of last November to the German people. He promised them a big role in world affairs if they stick with Soviet Russia, throw off the West.

•
The Nazis have been welcomed with open arms into the Communist fold. Already, at least half of the eastern zone's administrative and "police" corps are former Nazis.

And in West Germany, half of the old Communist party members (maybe 50,000 persons) are being purged. It won't be long before there will be more Nazis than Communists in the party there. Stalin feels he can count more on Hitler-trained toughs than on the old-time trade-unionist and intellectual party members.

In West Germany, the Russians are using blackmail, too.

Communist underground units are working hard on the Ruhr miners and the businessmen. They're told bluntly to join the "peace fight"—or expect death when the "army of liberation" arrives from the east.

•
The North Atlantic Defense Council got moving this week in London on "limited mobilization" plans for Western Europe.

The big question: How much can Western Europe spend on defense without tripping up economic recovery?

It will be weeks before a definite program is worked out. But one thing is sure: Western Europe will be asked to shift a lot of consumer production to defense needs.

Another certainty: The U. S. will be ticketed for another \$5-billion

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JULY 29, 1950

in arms aid for Europe. That's in addition to finishing out the Marshall Plan.

•
There are bound to be political troubles when Europe begins rearming. Consumption levels are still very low—lower than prewar in most cases.

The only nations with unused manpower and productive capacity are Italy and West Germany. So it's likely that the Defense Council will recommend that Italy start turning out some armaments.

As for West Germany, arms production there is just about a sure thing. France is still dead set against a German army. But she won't mind if Germany turns out weapons for the other Atlantic Pact nations.

•
Britain is prepared to add a little to its present defense outlay. "Rather more guns and rather less butter" is the way the London Observer puts it.

But London argues that the military is already absorbing £800-million yearly, 20% of the budget.

Besides, Britain now has full powers to draft men and women and enforce total economic mobilization when and if the time comes.

•
French leaders don't feel that they can afford any more defense spending right now.

They're sure that lowering the civilian standard of living will mean losing the cold war before a hot one begins (BW-Jul.22'50,p104).

Communist boasts that already 11-million Frenchmen have signed the Stockholm appeal have rubbed this lesson in hard.

•
So Paris is frankly looking to the U. S. for arms.

It's likely that the French will propose an Atlantic defense fund, to which the Pact nations would kick in according to their national incomes. (The U. S., of course, would be the big contributor.) The fund would finance weapons.

The French will also offer to manufacture arms for other nations; but at least part of these would be paid for with dollars out of the fund.

And Paris is going to pressure the U. S. to shoulder more of the burden in Indo-China.

•
The domestic situation in hard-pressed Yugoslavia is worsening every day.

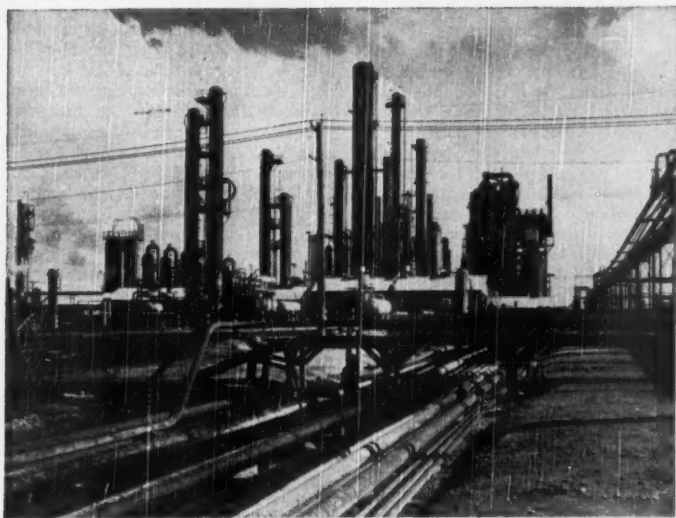
The threat from the Cominform satellites has caused Tito to start stockpiling food and raw materials in the south. Peasants are up to their age-old hoarding techniques; and serious shortages are appearing in the cities.

But Tito still seems to have things under control. And he's pressing for further U. S. credits.

•
You still hear talk of Acheson's resignation. But apparently Truman means to stick by him.

At the close of a recent cabinet meeting, Truman said: "As long as I am President, Dean Acheson will be Secretary of State."

BUSINESS ABROAD



BAHRAIN REFINERY produces oil which Caltex will sell for sterling as . . .

U.S.-British Oil Feud Ends

American companies have made a truce with Britain. Caltex, Standvac, and others can now sell oil for sterling. But Korean war developments hold the answer for a final settlement.

The British government and American oil companies have reached a truce in their feud over world oil markets. The big U.S. foreign oil operators no longer talk, as they did last fall, of a price war to safeguard their interests abroad (BW-Nov. 19'49, p. 125). Instead, they are making deals with the British government which give them a better break both inside and outside the sterling area. The latest move came last week when Caltex arranged to sell for sterling one-million tons of oil products from its Bahrain refinery.

It looks as though the Korean war—rather than any concessions that London will make—is the thing that will finally end the oil dispute. That's because Korea will almost certainly remove the threat of a world oil surplus, which has been one of the biggest reasons for the feud. From the U.S. angle, London is still discriminating against American companies—taking advantage of the world dollar shortage to give British-Dutch oil interests the edge over their American competitors.

The oil dispute flared up more than a year ago, when London made a deal with Buenos Aires providing that Argentina should buy its oil from sterling sources. By mid-1949, the U.S. State

Dept. was protesting bitterly against this and other British moves to freeze out U.S. companies in foreign markets.

• **The Big Blow**—Then, just before last Christmas, the British let fall their heaviest blow—the substitution policy. They decided to cut imports of dollar oil into the sterling area by four-million tons a year—from 13-million tons to 9-million tons. Sterling oil was to be substituted for the dollar oil cut off. London defended this move on the grounds that it would save dollars for the sterling area dollar pool.

Sterling oil has a dollar content. That is the big British and British-Dutch oil companies—Anglo-Iranian and Shell—have to pay out dollars for royalties, equipment, and in some cases for wages. The gross dollar cost for all British operations averages about 30% of total costs. The net dollar cost—after taking account of dollar earnings—averages about 15%. Hence Britain couldn't hope to save the full dollar value of the U.S. oil it kept out under the substitution policy.

• **Special Deal**—At the time the British government launched its substitution policy, London confidentially offered U.S. companies an "incentive scheme." American oil companies were told they

could sell their oil for sterling if they spent the proceeds on British-built tankers, drilling machinery, and refining equipment. But they couldn't use the equipment in Britain—it would have to be shipped outside the country.

By agreeing to this plan, two U.S. oil companies—Standard Vacuum and Caltex—have now regained 14-million tons of the four-million tons taken away under the British substitution plan.

• **Ice Breaker**—Standard Vacuum, which operates in Asia and East Africa, was the first to break the ice. Standvac has an agreement under which it can sell 500,000 tons of oil a year in the sterling area. Standvac will work for a progressive reduction in the dollar costs of its oil until it gets them down to the average dollar cost of British oil companies. As soon as it can cut down its dollar costs to roughly 30%, it will sell this oil for about 70% in sterling and 30% in dollars. The oil will come largely from Standvac's Indonesian facilities.

Last week, Caltex made a similar deal. It can sell one-million tons a year in the sterling area from its Bahrain refinery. Caltex will set up a British company—Caltex (UK) Ltd.—to handle the sales.

The Caltex refinery on Bahrain operates on the crude that Caltex produces at Bahrain, plus some Arabian crude produced by Arabian-American Oil Co. Aramco is accepting sterling for part of what it sells Caltex and will use it to pay royalties to King Ibn Saud of Saudi Arabia and to buy some of its oil-field equipment. For its part, Caltex will use the sterling to buy tankers, drilling, and refining equipment.

• **Jersey Still Out**—Standard Oil Co. (New Jersey) still hasn't been able to get out from under the substitution plan. And because of that, it is still out sales of almost 24-million tons of oil. Once Jersey's big new refinery near Southampton is in operation, it, too, will be able to operate behind the sterling screen. Meantime, Jersey needs some kind of interim deal.

(The deal that Jersey Standard and Caltex made in May, after gas rationing came off in Britain, had nothing to do with the substitution problem. It was a special arrangement whereby these two American companies agreed to take sterling for 350,000 to 400,000 tons of oil a year beyond what they had been selling before the substitution plan went into effect.)

• **Different Deal**—Both Jersey Standard and Socony Vacuum, have made agreements with Britain that differ somewhat from the Standvac-Caltex deal. These two companies jointly own a 23½% interest in the Iraq Petroleum Co. As soon as they can set up a new subsidiary in Britain to handle the business, Jersey and Socony will sell their share of Iraq



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output for sterling. And they will be allowed to sell this Iraq oil either inside or outside the sterling area, whichever they choose. This puts them on a par with British oil companies.

The difference between the IPC arrangement and the Caltex or Standvac deals is a fine one. But it boils down to this: Under the IPC deal, the dollar content of the oil is no greater than the average net dollar content of British oil. Thus Jersey Standard and Socony Vacuum Oil are exempt from the substitution policy within the sterling area as far as this oil is concerned and can also sell this oil for sterling outside the sterling area. In the Caltex and Standvac deal the dollar cost of the oil is higher than the net figure but not above the average gross dollar content of British oil. Hence these companies can sell within the sterling area but cannot sell for sterling in other foreign countries.

• **Not New**—In essence, this is the scheme originally proposed last fall by Walter Levy, ex-chief of ECA's petroleum division. Levy contended that the only way out for the American companies was to convert their costs abroad to sterling and for the British government then to allow them to operate on an equal basis with British companies.

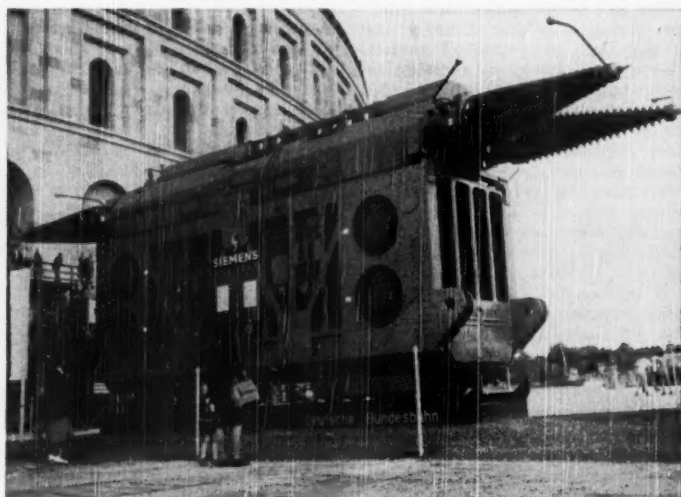
However, it took a lot of education on both sides and a lot of hard bargaining to hammer out these principles. On the one hand, the U.S. companies had to get used to the idea of operating in a different kind of currency world than

they had known before World War II. Also they had to steel themselves to the financial sacrifices involved in converting their operation overseas from dollars to sterling.

For its part, the British government had to face up to the dangers of the price war that threatened last fall. In such a war, it would have stood to lose as much or more than the American companies. The British government didn't like the political ruckus the oil dispute raised in the U.S., either. Then as Britain's dollar position has eased in the past six months, it has been possible to squeeze a few more dollars out of the British treasury.

• **Long View**—As for the future, the big question is whether the Korean war can be localized. Korea alone has changed the world market situation in oil. Two-thirds of Britain's substitution plan of last December covered fuel oil, which was then a glut on the market. But the supply of fuel oil is getting tight at the present time.

The threat of a general war means, too, that foreign governments will have to give a higher priority to their purchases of dollar oil. That will tend to expand markets that were shrinking until recently. On the other hand, war preparations in the western world may cut down the supply of non-U.S. oil equipment which U.S. companies have been planning to buy. That, of course, will tend to slow down the conversion process which the U.S. oil companies have undertaken.



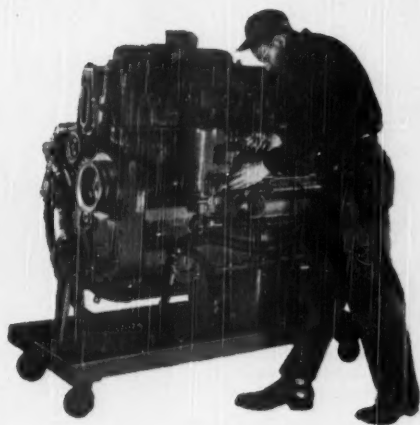
German Railways Put High Voltage on Wheels

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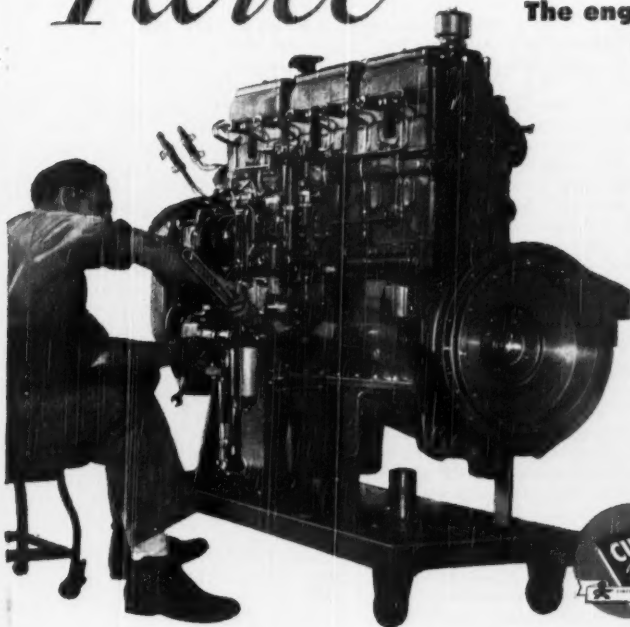
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(See Clues section on page 82)



BIG BULLDOZER: Australia wants to buy others like it in the U. S.

Australia Pins Its Hope

Australia's junketing Prime Minister, Robert Gordon Menzies, arrived in the U. S. this week. He's here to grease the ways for increased U. S.-Australian military cooperation. He also has dollars on his mind.

• **Dollar Solution**—A fat dollar loan from the U. S. would be the answer to Australian businessmen's prayers. For though it's operating with record employment, sales, and profits, business Down-Under isn't happy. The excess of purchasing power over production is escaping in an ever rising inflation spiral. To check inflation, Australia must boost production. U. S. dollars are needed to supply capital equipment for the job.

So it's sure that Menzies will ask Washington for a substantial loan. And he couldn't have picked a better moment for his appeal. After hashing over Commonwealth problems in London, he arrives in the U. S. just after the heartening news that the sterling area's dollar and gold reserves have nearly doubled since devaluation (BW—Jul. 15 '50, p. 104). His errand also will get sure help from the good will Australia has gained by its quick decision to support U. S. troops in Korea.

• **Good Chance**—Chances are Menzies will get his loan—from the Export-Import Bank. The U. S. has a big stake in a robust Australia, sitting right on Communist Asia's doorstep. Besides, many Americans think the Aussies are a pretty good risk, and they don't mind giving Menzies' seven-month-old Liberal government a helping hand.

Menzies' government was elected on the promise to "put value back into the Australian pound." That pledge gained him the votes of skeptic businessmen and hard-pressed housewives. Both have been wondering for the past seven months how he proposed to do the trick.

For a while, Menzies was thinking about appreciating the Australian pound in terms of other foreign currencies on the theory that the 1949 devaluation had gone further than necessary in view of Australia's relatively strong position as an exporter. But the bitter experience of New Zealand, which appreciated its currency in 1948, rules out anything but a token revaluation in Australia. New Zealand's move turned the terms and the balance of trade against it, reduced returns from exports, and just about made the N. Z. pound a hard currency. As a result, imports to New Zealand from Britain are now subject to almost as drastic restrictions as those from the U. S. And the artificial scarcity of goods has created a full-blown inflation.

• **Push Productivity**—Menzies has different ideas about curbing Australia's inflation. He wants to raise supply by raising production.

Right after the war, Australians believed that mass immigration of foreign labor would provide the remedy for lagging production. That worked as long as there was plenty of capital equipment for the labor to work with.

But now, not only all the labor but most of the capital equipment is



ROBERT MENZIES wants a loan.

on U.S. Loan

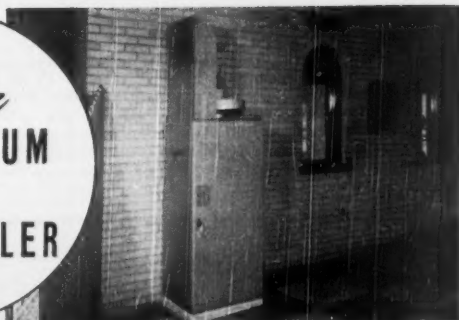
fully employed. Every one of the 200,000 immigrants now reaching Australia each year brings with him a hungry stomach and two strong arms; but there are no more houses to live in and no more machines to work with.

• **Wanted: U.S. Goods**—Heavy equipment and machine tools are needed to employ Australia's rapidly growing labor force. Australia wants hydroelectric and steam powerplants, roads, coal mines (BW—Jun. 3 '50, p. 104), cement kilns, steel mills, and manufacturing plants of all kinds. Australia's public works projects and farms are crying for earth-moving equipment and tractors.

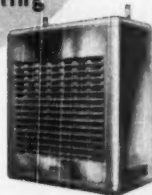
Actually, there's plenty of money capital in Australia. Over the past few years, the dominion's capital formation has been as high as 15% to 20% of the national income. The problem is to convert those savings into dollars to buy equipment that Britain can't supply.

Menzies could use a billion dollars, but he will get—and welcome—a lot less. Chances are he won't invite any direct capital investment by private U.S. businessmen at present. But he will be open to suggestions for encouraging it.

• **Suggestions**—He will probably get plenty of them. There are apt to be many complaints about Australia's miserly attitude in taxing profits of U.S. subsidiaries operating Down-Under, with no allowance for the taxes they must pay at home on their Australian profits. It's very likely, however, that Menzies will promise to look into this matter as soon as he gets back to Canberra.



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French firm, Paris, specializing in electro mechanical equipment, are anxious to develop activities by purchasing patents for manufacture of electrical or mechanical apparatus for French market. Box 7220.

New Products Wanted. Reputable firm with extensive plant facilities, substantial capital, large experienced engineering staff, skilled labor force, industrial sales organization seeks new products for development and manufacture. New inventions or established products will be considered, provided they meet the following qualifications: 1. offer good long-range market potential, 2. complement our present lines, 3. fit metal-fabricating, production methods. Please give comprehensive information in reply, but do not divulge unprotected secrets. Write to Box 7255.

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GERMANY'S VOLKSWAGEN: Its timing was right on the nose as . . .

Foreign Cars Zoom

Dealers cash in on start of U. S. mobilization. Their cars use little gas, and they're available—at least for now.

"Like hot cakes." That's the way dealers of foreign cars in the U.S. describe their post-Korea sales.

Two things account for the sudden rush on the foreign small-car market. Motorists are afraid of gas rationing (scattered gas price boosts have already showed up around the country). So they drool at the thought of a car that can get 30 mi. to 50 mi. per gal. Besides, even if they preferred a U. S. car, they might have to wait weeks for delivery; partial mobilization has stepped up the demand for the standard, low-price U. S. models to near-stampede proportions.

The Better Business Bureau in Washington was alarmed. It asked one foreign car company not to play up possible gasoline shortages in advertising—to keep the damper on scare buying.

• **Britain**—The Austin Motor Co., Ltd.—on top of the foreign car market in the U. S.—reports that demand has "more than doubled" since Korea. Some of Austin's dealers are even more enthusiastic. One says his sales have jumped three- or four times: Last Monday at 10 o'clock, he got five new, unordered cars, and by three they were all gone. It used to take him a week to sell that many.

Rootes Motors, Inc., whose Hillman Minx has made a hit, finds a "big rise" in sales but doesn't consider it abnormal. Rootes says its sales have been a building since the British Automobile Show last March.

• **Germany's Entry**—Germany's new Volkswagen (picture, above) hit the

boom right on the nose. Last week on Monday, New York's Hoffman Motor Car Co. put the first models on sale. They cost \$1,280, get 34 mi. per gal. By the close of business Tuesday, there were dealer orders for 250 cars. One Washington (D. C.) dealer—with one demonstrator—took orders for 32 in one day. So far, Hoffman says, orders have bounced up into the "hundreds."

• **France**—France's bug-like, 50-mi.-per-gal. Renault is selling faster, too. It's up 50% above pre-Korea days. The Renault people are excited about the possibility that big companies may buy Renault fleets. They say that one, operating 1,100 cars, has been trying out Renaults, and has found that it can shave costs from 9¢ per mi. on present cars down to 2¢.

• **Catch**—But the honeymoon can't last. Sir William Welsh, representing Britain's Society of Motor Manufacturers & Traders in this country, says there's no chance of higher auto shipments from Britain to take care of the boom. Nor would Britain divert shipments from soft-currency markets to the U.S., he feels. Another British spokesman thinks that his country is sure to be following the U.S. lead in mobilization, and so will France. That means tanks instead of cars.

Meanwhile, foreign-car salesmen in the U.S. are telling their customers that they have "plenty of spare parts," with ever expanding dealer and service networks to distribute them.

BUSINESS ABROAD BRIEFS

A nationwide power system to cost \$200-million is in the works for Greece. Ebasco Services will mastermind the operation; ECA will help with the finances. The Greeks expect the first stage of the program to be completed by 1955.

• **Wanted: Three buffaloes.** The Dept. of Commerce reports that a Brazilian rancher wants to buy a male and two females in the U.S. so he can go into the buffalo hide and meat business. He needs information on their care and feeding, too.

• **Australia's wool men** hit the jackpot during the 1949-1950 season. They took in a record £286,600,000 (about \$645-million),* one reason why the sterling area's gold and dollar reserves look so healthy.

• **Westinghouse International** nailed down a whopping \$2,605,000 order from France's nationalized coal industry. The contract is for two 50,000-kw. turbine generators to supply power for mining operations.

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Will Truman's Mobilization Plan Work?

The President's message to Congress last week poses the now familiar problem of how a democracy such as ours goes about the job of girding itself for a military emergency.

His initial request for \$10-billion to step up our defense effort is sober evidence that we are going to make a real—though tragically belated—start in bringing our strength up to our responsibilities around the world.

The President's request for a limited set of direct controls on the economy confronts us squarely with the grim subject we laid aside only a few years ago—the economics of war.

The economic problem posed by a Korea is the same in any nation not organized for war: to bring about a speedy redirection of production. The need is for tanks, not convertibles; for radar, not television. And the stuff is always needed the day before yesterday.

To get war goods produced, men, materials, and machines have to be organized and put to work. Until World War II, the price and market mechanism was relied on to get the required resources into the defense industries. It was largely a continuation of the peacetime method of "buying defense."

The virulent inflations following on this approach, coupled with the fact that modern military emergencies require a vast and speedy response, have led to the use of direct controls to supplement or displace the price-market mechanism. These controls have the twofold job of (1) channeling resources into defense industries, and (2) helping to prevent inflation.

Partial Controls

In calling for limited economic controls, the President has taken a position at halfway house. He sided against those, like Bernard Baruch, who have demanded a complete set of controls on the economy. Truman wants power to supersede the market in getting materials to war producers, to prevent inventory hoarding, to requisition supplies and to use the financial resources of the government to get more capacity for basic materials.

He decided against requesting power to control prices and wages and to ration goods, at least for the present. He apparently feels that doubling military spending this year will not seriously affect prices. When one remembers that prices were rising even before the Korean crisis broke, the measure of faith he has in his appeal to patriotism to avoid inflation becomes evident. And if the price curve continues its present upward climb, wages will become sensitive and the whole cost-price structure will again move up.

The choice between all-or-nothing in direct controls is not so simple, however. Americans do not want government intervention in their lives and businesses. If power were conferred upon the Administration to put a complete harness of controls on the economy to mobi-

lize for a \$20-billion to \$30-billion military effort, we would find ourselves trussed up to sustain an all-out war that might not come off. That would be disastrous to our morale, our productivity, and our freedom.

Fiscal Measures

The best chance we have to retain a minimum of direct controls through the period of a 10% war is to pursue fiscal and monetary policies that make sense.

Major wars bring inflation, whether openly reflected in rapidly rising prices or suppressed by controls, subsidies, and temporary saving. The reason is simple: Resources are shifted from making civilian goods to making war goods, and people are paid for producing these goods which they cannot buy with their money. The only way to deal a telling blow to the striking forces of inflation is to cut down nonmilitary spending.

The President's action in tightening up federal mortgage credit is a step in this direction. So, too, is his request for power to limit instalment credit. In the same direction are his two new proposals to control credit on private real property and on the commodity exchanges. Congress can help by cutting nonmilitary spending to the bone. Clearly, the Federal Reserve System must be given freedom by the Treasury to do what it thinks is necessary to hold bank lending in check.

Fiscal measures—taxing and borrowing—must be a major weapon against inflation if partial controls are going to work. The President has already asked for more taxes.

In framing a tax policy—or a borrowing policy—this is the central fact to bear in mind: The act of paying a tax or buying a bond is not the real aid a citizen or business renders the government; it is the curtailment of private spending by the taxpayer and the bond buyer.

Taxes as far as possible should get at money that would, if spent privately, compete for resources that should be going to war. The same goes for such borrowing as the Treasury may have to do. The usual type of political tax measure and an attempt by the Treasury to finance on, say, a 2% basis with heavy reliance on residual lending by the commercial banks clearly do not fit this specification. They can lead only to trouble and more controls.

This country will do what is necessary to meet the Communist threat. To that end, Congress should grant the President the powers he has asked to clear the way for needed military production. Whether these standby powers need to be fully used, or whether they will be adequate, depends on the course of unforeseeable events. If the scope of our military effort remains limited, wise and courageous monetary and fiscal policies will greatly lessen the need for widespread use of direct controls. If the outlook darkens and an all-out effort is required, the debate will end and full controls will take over.

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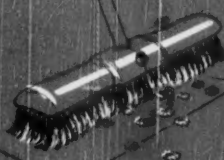
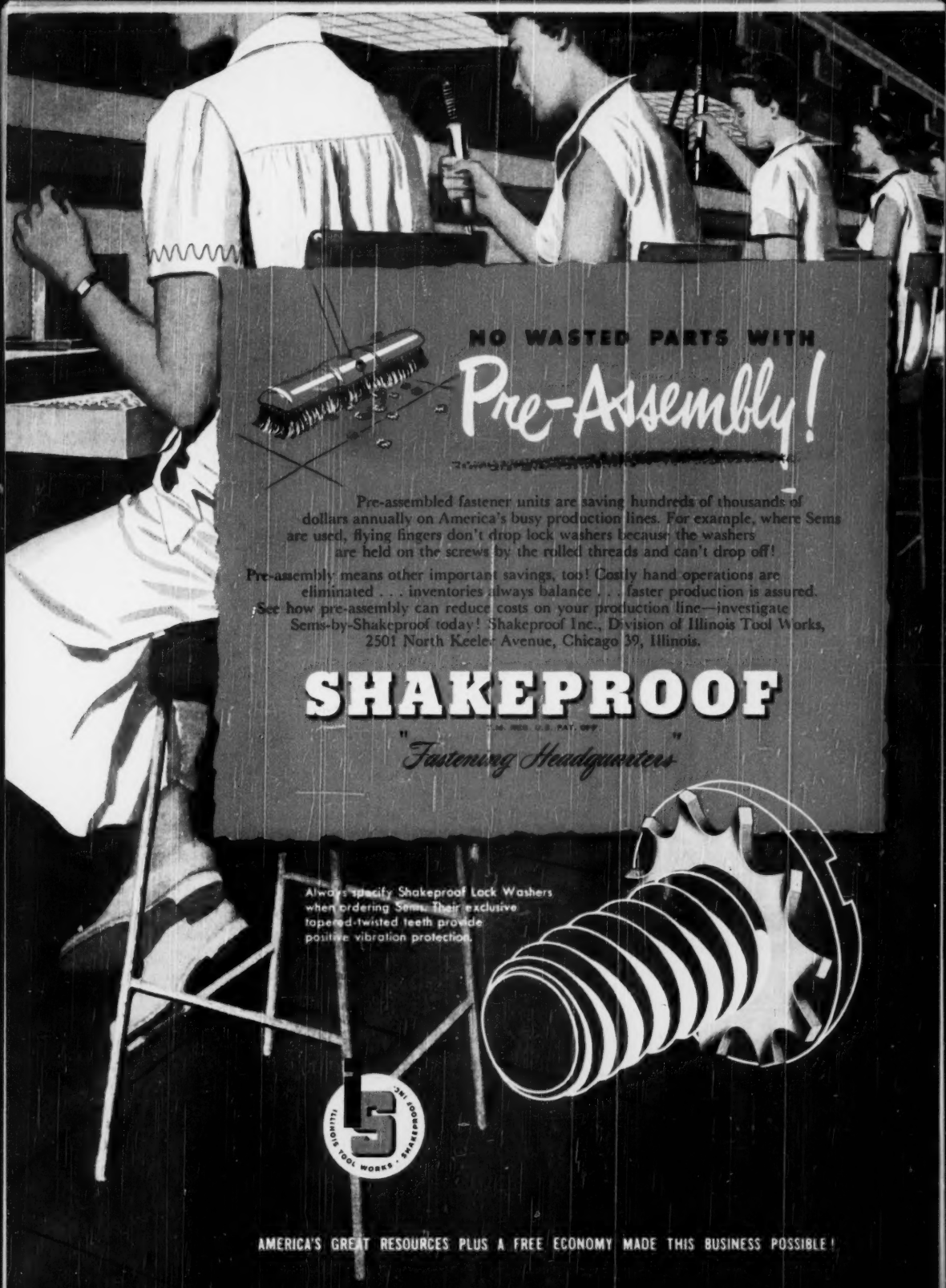


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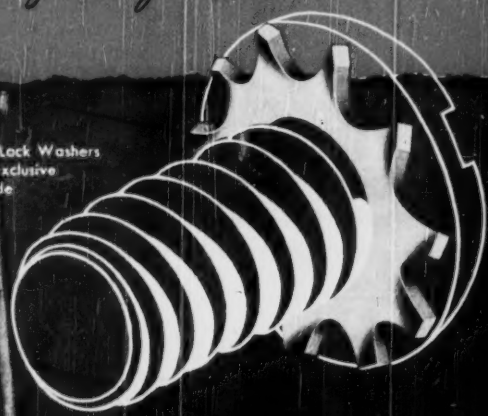
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